

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, March 15, 2015 12:56 PM

To: GPS

CC: Allen, Susan; London, Sarah; Johnson, Justin; Coriell, Scott; Richards, Alyson; Miller, Lawrence

Subject: Weekly Reports - Executive Privilege 03 13 15.pdf

Attachments: Weekly Reports - Executive Privilege 03 13 15.pdf; ATT00001.txt

Gov: A few highlights; I also spoke to Sue Minter at some length today; she is going to call you in the a.m. to discuss I 91 bridge report that is in this weekly.

I've highlighted/noted issues for the rest of you as per usual. Liz

WEEKLY REPORTS

Checklist
3/13/15

Elizabeth Miller/Alyson Richards

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☐ Department of Labor – Annie Noonan
- ☐ Department of Financial Regulation – Susan Donegan (**no report this week**)
- ☒ Agency of Education – Rebecca Holcombe
- ☒ VT Commission on Lottery – Greg Smith

TBD

- ☒ Agency of Transportation – Sue Minter
- ☒ Agency of Human Services – Hal Cohen

Sue Allen

- ☒ Agency of Agriculture – Chuck Ross
- ☒ Agency of Natural Resources – Deb Markowitz
- ☒ Public Service Department – Chris Recchia

Sarah London

- ☐ Department of Public Safety – Keith Flynn
- ☒ Agency of Administration – Justin Johnson

Susan Spaulding

- ☒ Boards and Commissions – Susan Spaulding
- ☒ Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: March 13, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

- It has been a busy week working on the Senate version of their economic development bill. That should be passed out Friday. Still no bill number.
- **Senate Economic Development Bill:** Lucy is monitoring and coordinating with interested parties across state government. The committee hopes to get the bill voted out this week. Lucy sent a summary and update on initiatives to state government stakeholders and Laura Gray and Sue Allen.
- **House Commerce:** The latest draft memo to the House Appropriations Committee includes a request to keep the Tourism and Marketing language in the bill to allow them the opportunity to continue working through the issue when the Economic development bill arrives from the Senate.
- **Appropriations Committees:** We presented our budget to Senate Appropriations on Wednesday. Ran out of time to get through the whole budget. There were a lot of very detailed and micromanaging questions. We discussed efforts to combat the "business unfriendly" perception some Vermonters have with Senator Campbell. Senator Campbell is eager to see how legislators can help dispel this. Recommended that we comb all legislation for pro-business/economic development elements and help promote those and publicize them. The House Appropriations committee discussed the ACCD budget at the same time and had a number of questions which ACCD will respond to in writing. Chief among them were concerns about Vermont Life Magazine, as well as questions about the Department of Tourism and Marketing, VCGI, Economic Development, and more. We will copy the 5th floor on our response.
- **H. 310:** Lisa Gosselin testified in House Commerce on H. 310, the 126-page update to the LLC Act. The bill will help facilitate business formation by simplifying the language, clarifying measures in the act and making it less legally onerous. No businesses or interest groups have yet to oppose it.
- **Priority Housing:** Last year, the legislature added incentives to encourage development in our designated centers. One of these included Act 250 exemptions for priority housing projects (with a certain portion of affordable housing) in designated growth centers, neighborhood development areas, downtowns and new town centers. We realized late last year that properties with existing Act 250 permits may not receive this benefit. It will affect Colchester and South Burlington's designations. We continue to work with NRB and ANR on this to find a solution and have a meeting later this week. Noelle also met with Brian and Kate from VNRC on this issue as there is draft legislation from Colchester in a bill. They understand the issue, feel that there is a solution that would work and willing to help work on the issue.
- **H. 315: Act 250 Technical Corrections:** This bill has several technical corrections from our work last session on designations and incentives. Joined Chris C. at a meeting with Rep. Ellis and Jon and Melanie from the NRB to discuss best next steps. Rep. Ellis is concerned that if this bill moves forward the 10 + other bills involving Act 250 (some with changes to 9(L) will get tacked on via floor amendments). In going through the bill together at least one of our corrections may be done by leg council and the others we may work to include in other bills later in the session to avoid floor amendments. The corrections from the NRB in the bill are not as critical and Jon would like more time to respond to concerns from the District Coordinators on those sections.
- **9 (L): In the State House:** Per a request by Sen. Mullin, Noelle worked with the NRB on draft language instructing ACCD/NRB/ANR to work on develop new education and outreach material on 9 (L). The language was sent to leg council and has been inserted into the Economic Development Bill that Sen. Economic Development Committee has been working on.
- **9 (L): Education and Community Work**
 - John Adams has been working on new draft guidance documents and the CP+R folks have met with NRB and ANR on the drafts and things are moving forward productively. Team plans to set up trail trainings with the RPCs and RDCs to get input and feedback and will then update documents and training material and begin the wider training to other stakeholders.
 - A meeting is scheduled in Ferrisburg for Wednesday, March 18th at 5pm. At the meeting Noelle will lead a discussion on potential development opportunities for the town-owned site at intersection of Route 7 and 22A. Will finalize agenda with Selectboard and then send out invites to partners. A member

of the community also reached out to me regarding a Rural Development grant that he will soon be seeking for incubator space and a food hub idea that he hopes will fit at this site.

- Noelle provided an update of the issues raised regarding 9 (L) and the steps we are taking to help dissipate concerns and increase education and awareness at the Governor's Council on Energy and Environment.
- **H.25: Green Burials** passed out of House General this week and is on its way to the floor. The committee incorporated all our concerns into the version passed out of committee. Thanks to Jess, Laura and Dale for their work on this!
- **H.123 Mobile Home Park Bill:** Jen testified to restate DHCD's support for the bill and update the House General, Housing and Military Affairs Committee on negotiations around proposed amendments. The Mobile Home Park Program and Vermont Tenants, Inc. are now in full support. With Dale Azaria, continued to work with the AG's office, Legislative Counsel and the Vermont State Housing Authority on additional language related to the disposal of abandoned mobile homes. As of this writing, the private park owners have not accepted the invitation to work with us. The committee hopes to vote the bill out by week's end to meet the crossover date.
- **H.401 Downpayment Assistance Program:** Introduced by Rep. Kesha Ram, D-Burlington, the bill was referred to House General this week. The bill parallels Senator Baruth's proposal in the Senate which is now part of the expansive economic development bill expected to be voted out of the Senate Economic Development, Housing and General Affairs Committee by crossover.
- **H.256 Tenant Property and Fair Housing Technical Bill:** After approval by the House, H.256 was referred to the Senate Judiciary Committee. It comprises two technical fixes. Section 1 eliminates a potential gap in the law governing evictions, a problem identified in the Vermont Supreme Court Case - *JW LLC v. Ayer*. Section 2 reinstates important protections that were inadvertently eliminated by previous amendments to the fair housing enforcement statute. DHCD will continue to work with the Human Rights Commission in support of the bill.
- **H.272 Current Use and Technical Tax Bill:** The bill was referred to the Senate Finance Committee this week where it is likely to sit for a while. DHCD will continue to monitor and support for qualified rental housing 10% adjustment, downtown tax credits and TIFs.
- **H. 397, proposal to change the municipal plan expiration from 5 years to 10.** Municipal planners and VLCT support the change. Opinion is split among Regional Planning Commission Directors. Some strongly favor and some believe the provision should not be changed without a major overhaul of the statutes governing local planning (Chapter 117). The Department's position is neutral.
- Jess Robinson attended the House Committee on General, Housing and Military Affairs' discussion of **H.25 – an act relation to natural burial grounds**. From their revised draft legislation, and the discussion in the room, it appears as if the concerns of the Division for Historic Preservation have been addressed. It is scheduled to be voted on Thursday (3/12).

PATRICIA MOULTON, SECRETARY:

The week has been spent addressing budget, legislation, public records requests, so not a lot of outreach.

VPR Vermont Edition: I did the VPR Vermont Edition show Thursday regarding marketing. The discussion focused on marketing Vermont as a good business location. Matt Dodds and I had a lot of agreement about how we need to augment our tourism marketing with good economic development messaging and marketing, but not replace it.

Potential Grant opportunity: We had a good meeting Wednesday to learn about a US Department of Defense "economic adjustment defense industry program" grant opportunity. This is not competitive, and we are almost assured funding if we apply. We are pursuing the possibility of a \$2-\$3 million grant to:

- Conduct ISO certification training.
- Conduct export training
- Potentially enable the development of an E-procurement system sooner than originally planned.
- Supply chain mapping.

I have reached out to Commissioner Obuchowski to collaborate on the E-procurement work. This would be a two to three-year grant with the potential for up to 10% in indirect/administrative costs.

New Commissioner of Economic Development: I have also been spending time orienting Joan Goldstein our new commissioner of economic development. She's raring to go. We are now letting her know all the ugly stuff along with all the good stuff.

VTDigger: We have released the public records regarding AncBio to VT digger. I'm meeting with Anne Galloway Friday to discuss these records as well as how we might establish a better relationship going forward. I seek more balanced reporting and she would like more access. Perhaps we can strike a balance!

LUCY LERICHE, DEPUTY SECRETARY:

Lucy has been busy in the Statehouse all week on the Economic Development bills. See report above

Northern Border Regional Commission: Lucy and Ken Horseman met with the new Co Chair of the NBRC Marc Scarano, and Joe Short of the Northern Forest Center. NBRC has contracted with the NFC to conduct a strategic plan. In addition to discussing how to align the Governor's priorities with the strategic plan, we also discussed ways to improve the reach and effectiveness of the NBRC grant program.

KEN JONES, ECONOMIC RESEARCH ANALYST

- Ken has agreed to work with a collection of outdoor recreation organizations (VAST, VASA, Catamount Trail, Green Mountain Club and others) to characterize the economic impact of outdoor recreation on the Vermont economy. This effort will provide Ken with greater access to business information with respect to the numbers of participants in many outdoor recreation activities and their expenditure patterns which will help in the development of the next Tourism Benchmark study.
- Ken met with Jonathan Dancing, Director of the Vermont Building Performance Professionals Institute (VT-BPPI) and some of his members for the purpose of better understanding the current network of building weatherization professionals, their capacity for improving and expanding their work, the hurdles for increasing market penetration and skills development for weatherization contractors. This meeting is a part of Ken's effort to characterize the economic impact of clean energy activities as well as considering the strategies to integrate weatherization with other building energy improvements (low temperature heat pumps, fuel switching to biomass, electric efficiency and financing). Weatherization contractors are facing some of the challenges of a sector emerging from start up to maturation. Vermont weatherization contractors face competition from larger out-of-state firms and have difficulty completing the bureaucratic requirements of Efficiency Vermont's incentive program.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Commissioner MacKay and Deputy Commissioner Hollar

Commissioner MacKay

- **Vermont Economic Resiliency Initiative (VERI):** It is exciting to see the pieces of this project coming together. Community meetings are scheduled for April and am currently working on editing the draft of the five community reports so that they are available for the public to review before and after these public meetings. An op ed is in the works as well as flyers and promotional materials for the event. We are also working with our RPC partners to schedule some 'coffee meetings' with businesses before the meeting as another way to gather input on the recommendations in the report.

Deputy Commissioner Hollar

- **VCDP Awards Ceremony:** Governor Shumlin and Secretary Moulton announced \$4 million in grants to 13 communities for affordable housing, disaster recovery and accessibility projects. The awards event was held at in the Governor's Ceremonial Office. Town officials, their private and nonprofit project partners, representatives and senators were all in attendance. Speakers included congressional delegation staff. In addition to highlighting the hard work of communities to bring these projects to life, the announcement is intended to remind to the delegation the importance of the program as they engage in difficult budget negotiations in Washington. Press coverage of the event was good and it was picked up in print, TV and radio reports. Congressman Peter Welch announced this week that he has signed a letter to his colleagues in the U.S. House urging support for the program.
- **Consolidated Plan:** Thanks to a tremendous effort by DHCD's Housing, VCDP and GMS staff as well as AHS and VHCB, a preliminary draft was posted for public comment. Work on the plan, which guides the

use of CDBG, HOME and Emergency Solutions Grant funds for the next five years, will continue on the draft over the coming months. Joined the team in drafting and reviewing the preliminary plan.

- **Disaster Condemnation:** Met with the Department of Health and the Division of Fire Safety as part of an ongoing effort to develop disaster condemnation training for local health officers.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner Report

- **Vermont Downtown Action Team (V-DAT)** wins Vermont Public Place Honor Award. The Governor will present the award to DHCD team members (Richard, Josh and Ann) next Thursday in the Cedar Creek Room of the State House. The award recognizes projects that promote active uses of Vermont's public spaces and is sponsored by the Vermont Chapters of the American Society of Landscape Architects, the Planning Association, the American Institute of Architects, the Vermont Section of the American Society of Civil Engineers and the Urban Forestry Council.

Downtown + Village Report

- **Downtown Transportation Grant:** We received a record-breaking 13 applications requesting \$919,043 for \$388,245 in available funds (89% increase from 2014). The program supports transportation-related capital improvements including streetscape improvements, parking facilities, utility relocation and access improvements. The board will review and fund applications at the end of the month.
- **Burlington: John** met with developer Eric Farrell to discuss his plans for the land he purchased from Burlington College. The 27-acre, Old North End property is within Burlington's Neighborhood Development Area (NDA) and may take advantage of all of the program's benefit, including the land gains tax exemption. While plans are still conceptual at this point, several hundred residential units are anticipated, at least 25% of which will qualify as affordable. The NDA designation is expected to save hundreds of thousands of dollars in fees and taxes and shave several months off the project's permitting.
- **Wolcott:** Caitlin met with the project manager for a developer who recently purchased the former Buck's Furniture complex in Wolcott. A phased development for mixed commercial/office use is in the planning stages. A newly designated Village Center, Caitlin provided information about how the tax credit program can help off-set some of the redevelopment costs.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State Archaeologist

- Jess and Jenni attended a meeting of the Vermont Commission on Native American Affairs. Jess informed the commission that there will be a minimum of three vacancies to the Commission because of term limiting and a recent resignation. Notice of the openings has been sent to the commission and members of recognized tribes to engage candidates to apply for those open seats, which need to be filled by August 31, 2015. The Governor's Office has been informed of the current opening and shall be updated of term-limit vacancies.

State Architectural Historian

- **Newton Project, Fairlee:** Devin is preparing materials for review by the Vermont Advisory Council on Historic Preservation to remove the house located at 1561 Route 5 South from the State Register of Historic Places. The house has undergone significant alterations throughout the 20th century and no longer retains historic integrity. The Division recommends removing it from the State Register.

Environmental Review

- **Basin Harbor Club Solar:** Scott and Jamie provided comments to the Public Service Board (PSB) concerning the placement of fifteen solar trackers at the Basin Harbor Club (BHC) in Ferrisburgh. Neighboring homeowners had complained that the installation was impacting the historic character of the locale and several landowners have filed a Vermont Supreme Court appeal. The project is one of the mid-sized net-metered projects that are not directly noticed to the Division, so we were not aware of the project until contacted by the adjacent landowners. The installation is also located in an archaeologically sensitive area and our comments to the PSB recommended that BHC hire qualified consultants to address any impacts to historic resources.
- **Burlington College Development:** Scott met with Eric Farrell at Burlington College to discuss the historic site review process in advance of the proposed redevelopment of this property. The area is archaeologically sensitive and the development area will need to be surveyed once plans are finalized. Mr. Farrell is entering into a public planning process over the next several months to determine project components. Part of the

existing Burlington College building will also be rehabilitated for housing and will likely utilize the federal tax credit program.

- **Middlebury:** The Division was recently provided materials explaining VTel's engineering design for the Middlebury Congregational Church and informed by Dr. Laura Dean, Federal Preservation Officer for USDA Rural Utilities that they intend to continue to pursue installation of telecommunications antennae in the steeple of the historic church. DHP's concern revolves around the proposed replacement of windows in the steeple with fiberglass replicas to enhance the signal and the visual effects of placing the antennas in the window openings if the steeple which will be have significant visual effects. The team intends to reach out to the FCC for additional guidance and insight. Ugh.

State-Owned Historic Sites

- **Justin Morrill:** When conducting regular onsite inspections and construction planning reviews of the property during the offseason, issues with the heating in the main house at the Justin Morrill Historic Site have been identified. First, the heating was not working—it is to be set to 55 degrees for the best preservation practices of historic houses and archival collections. Although the heating system was serviced and running again, it was discovered during another inspection that the temperature was well above 55 degrees. The Energy Manager, Project Manager, Facilities Director, and staff of the Division are working to identify and solve the problems as soon as possible. The roofs have been raked of snow and all ice dams.



- **Chester Arthur Book:** Donor Neil Glick presented the book "Glory and Shame of England Vol. I," to Senator Sanders, who accepted the donation on behalf of the State of Vermont, yesterday in Washington, D.C. The book is being sent to the Division and shall be displayed on the Chester A. Arthur desk, which will be on its way to Plymouth Notch in early April. Chester Arthur's mother-in-law owned this book, which remained in the Arthur family until the mid-20th century. We are very excited about the donation and grateful to have it in our collection.

HOUSING ♦ Arthur Hamlin, Housing Program Coordinator / Shaun Gilpin, Housing Policy Specialist

- On Wednesday, Arthur met with residents of the Windy Hollow MHP in Castleton which has been noticed for sale. Fifteen of the parks 35 households attended along with staff from the CVOEO Mobile Home Program and the Cooperative Development Institute. Currently there is no nonprofit interested in purchasing the park. Sarah gave a presentation about resident owned cooperatives. Residents asked good detailed questions. At the end of the meeting they decided to collect signatures on a petition to use the 120 day time period provided in law to look into a cooperative purchase. They need a minimum of 18 mobile home owners to sign by March 30. Sarah Woodward from the Mobile Home Program will work with a few residents on the petition.
- Work continues to create guidance for Town Health Officers, Zoning Administrators and Fire Marshals regarding the new authority to declare structures "condemned to be destroyed" in the case of an officially declared disaster. This guidance is being created in conjunction with Department of Public Safety, Department of Health and the Vermont League of Cities and Towns. The goal is to have guidance materials ready for Town Health Officer trainings that Dept. of Health is conducting in May. Jen and Shaun met with DPS and DoH on Wednesday to determine next steps to keep this project moving on time.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular CDBG: Existing grants

- **City of Newport:** Nathan and Kate Fournier provided the City with technical assistance on the Planning Grant that was awarded to the City of Newport to complete a Phase I ESA and develop new site designs for the historic Gardner Memorial Park. The results of the Phase I ESA shows that a Phase II ESA is required.

The City was given guidance and appropriate references were provided for funding and additional assistance with Brownfield projects. The City indicated that they hope to apply for an Implementation Grant in FY 2016.

Technical Assistance to potential applicants

- **Town of Waltham:** Staff attended a meeting to discuss the environmental issues for the Gevry Mobile Home Park redevelopment project. The Addison County Community Trust plans to develop this park into a new rental community with 14 new Vermod units. Attendees included staff from VCDP (Josh, Ann, Kate, Jason, and Claire) and ANR (Patricia Coppelino and Lynda Provencher), engineers from Phelps Engineering, Cindy Reid from Cathedral Square Corporation (CSC), Elise Schanbacher from Addison County Community Trust (ACCT), and Todd Scheffer from SRW Environmental Consulting. The environmental experts provided guidance on the Petroleum Cleanup Fund, the Brownfields Program, and the HUD Environmental Review process. The challenge for this project will be to complete each step in the proper sequence to ensure all regulations are followed. The Town of Waltham Town Plan is currently being updated, which is an integral step for the VCDP grant application. ACCT and CSC plan to apply for 9% tax credits in April, a VHCBC grant in June, and a \$420,000 VCDP grant in October.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- **CCV:** Megan met with CCV and learned that the grants to support training in the hospitality program were not received so there will be no new classes this year. As more and more groups are using the Knowledgevision platform we are hoping that CCV might work with us to develop some modules using materials that have historically been used in their classes.

Steve Cook, Deputy Commissioner

- **VermontVacation.com:** The VDTM team spent the day with developers Competitive Computing on March 10th to work through content entry and bug fixes for the new website. At the end of the day, VDTM is now comfortable and accepting the website for internal content entry. The site should be up and live in the coming week.
- **VDTM/VT State Parks/VT Fish & Wildlife:** Cook met with members of ANR to begin development of a cooperative departmental effort to invest in advertising to promote camping and fishing packages to an out of state audience. Each department will contribute equally to the campaign and VDTM will manage the media plan and creative. We are greatly looking forward to this partnership.
- **Spring Maple Campaign:** VDTM's spring advertising campaign has been performing excellently. This campaign, which was developed and planned all in-house, has shown very positive click-through rates and exposure. We are now at the halfway point of this campaign with \$4,231.00 spent of the \$10K budget. The ad report as of 3/11/15 is below. Highlights include a very strong click-through rate with a below average cost per click. We have received over 2.5 million impressions to date.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Communications:** Laura submitted an article for Amtrak's publication, *Up to Speed*, about July/August events; developed the consumer newsletter all around the theme of March maple festivities; and continued to push out the maple fest press release information. She supported Deputy Commissioner Steve Cook's appearance on WCAX regarding maple fests.
- **Social Media:** VDTM has 30,316 likes on its Facebook page and 18,200 followers on Twitter. The best-performing posts on Facebook this week included "11 Things Vermont Does Better Than Any Other State" (7369 people reached), and "14 Things You'll Never Hear Someone from Vermont Say" (16,088 people reached).

VERMONT LIFE ♦ Mary Hegarty Nowlan, Editor/Sky Barsch, Associate Publisher

- **Products/Calendars**
 - We successfully negotiated a better rate with our product fulfillment house, AIDC. We were paying 9.75% of sales and we were able to negotiate the commission to 6%, with the understanding that if they ever build our product website and we can close our Shopify site, then the rate will go to 7%. We requested this rate decrease because AIDC never built the website that was promised in the contract; their reporting systems have been lacking, and with the elimination of the artisan product line, AIDC will spend significantly less time and money on packing and packaging.

- We have chosen vendors for the two calendars that were bid out this year. Purchasing will prepare the contracts and then we will have contracts in place for all seven of our calendars. Production-wise, we are crossing the finish line on the weather calendar. Judy is working on the hunting and fishing dates and the introductory front matter for the fish & wildlife calendar. She is also working with Julie and David to make sure the calendar mailer boxes are printed on time.
- **Advertising:** With ad sales down again for Summer, we have restructured our ad rates to offer greater discounts for frequency purchases. Daria Bishop is going to shoot an ad for the Vermont Dental Society, which consistently uses Vermont Life as a recruitment tool at its trade shows.
- **Reader Survey:** Readers have an extremely positive association with Vermont Life. 93% agreed with the statement "I love Vermont Life" and 96% plan to renew. Our average age is significantly younger, 55. Sky has been working on a presentation for an upcoming senior management meeting that shows the economic impact that Vermont Life readers have made as a result of something they've seen in Vermont Life. The survey findings are extremely encouraging.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **Contracting:** As the contract for Image Relay, our digital asset management system, has come up for renewal, the CMO's office has taken the opportunity to renegotiate terms and services. As costs for cloud storage and related services have come down since the contract was first initiated, we have been able to amend the contract to reduce our monthly costs by two-thirds, while still receiving the same levels of service and in fact, some additional features.
- **Design:** Projects this week have included the completion of the Palate to Palette Byways ad spread for the Rutland Area Farm and Food Link's Locally Grown Guide; a new round of design options for branding DHR's new Center for Achievement in Public Service; and production of a new tradeshow banner and related design elements for the EB-5 Regional Center.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner

- **Bennington:** Met with Pat Moulton and Peter Odierna and Fred Kenney to discuss Bennington growth opportunities. Suggested key partners get together with key business leaders and discuss optimal prospects for recruitment, how to revitalize vacant buildings and options for programs such as New Market Tax Credits.
- **Businesses:** Met with Duane Peterson of **Sun Common** to discuss their growth potential, need for new space, and hiring needs. Will make appropriate recommendations. Also discussed how to invent business leaders to be "ambassadors" for the state. Peterson helped spark the Rutland Herald story on young people working in solar that ran this past week. Met with Mary Putnam in HR at **National Life** to discuss their recruiting, workforce training and retention strategies. Workforce training is a high priority here and they have implemented new programs that reach more than 4,000 employees. They have also hired back a former employee solely to serve as a liaison to top hires who may need to learn about and adjust to life in Vermont.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **89 North – Winooski:** This division of Chroma designs and manufactures peripheral equipment for microscopes as well as software design for their products. They employ 7 full time and have two European companies for which they serve as U.S. distributor. The discussion centered on ExporTech as they do global business and are considering strategies to expand that activity. They also expressed interest in PTAC and SBIR. Appropriate referrals will be made.
- **Leading Edge Tool – Lyndonville:** The specialty tool company has been in business for 30 years and employs 4 full time. They provide custom sharpening of cutting tools for northern New England machine shops with two 5-axis and 1 4-axis CNC machines. They lease their building with no room to expand. After a full review of available areas of assistance they expressed keen interest in business succession and website technical assistance. Appropriate referrals will be made.
- **AirShark – Burlington:** The company requested a meeting to review possible areas of assistance. They are a startup company developing an aerial surveillance business for industrial applications. Located in the Generator in Burlington, we supplied information on business plan assistance, financing assistance, and a full range of technical assistance resources with which to assist the company as they grow. Introductions were also made to the Vermont congressional delegation. We will continue to monitor their progress.

- **Vermont Custom Gage - St. Johnsbury:** The company is a division of Vermont Precision Tools in Swanton. They will be manufacturing machine blanks with plans to employ 60 - 100 in the next year. After a tour of the new facility several areas of possible assistance were discussed. There is keen interest in working with NVDA on an industrial park solar array as their utility costs are very high with demand charges exceeding actual cost of electricity. The new site manager is very interested in working with NVDA going forward.
- **Performance Power Coating - St. Johnsbury:** This custom power coating company has grown from a sole proprietorship to now having 3 full time and 1 part time employee. They work primarily with other Vermont companies and are very interested in help to develop new business. They face the prospect of a costly sprinkler installation, so referrals have been made to possible grant sources. A wide ranging discussion regarding areas of assistance was very well received and we will continue to assist the business going forward.
- **Vermont Aerospace - St. Johnsbury:** Business is steady with full time employment at 101. They have a veteran staff with an average tenure above ten years. Although they undertook implementation of some lean process a few years ago they have drifted away and may need a "refresher" training session. Sourcing of their raw materials is done domestically. No immediate issues were identified.
- **Columbia Forest Products – Newport:** A meeting with the new plant manager was held to introduce NVDA and the department and to review areas of assistance. Business is steady although obtaining logs has been difficult. Full time employment is at about 179 and they are hiring. They had praise for the work of Efficiency Vermont and Project Worksafe. Appropriate referrals will be made.
- **Jed's Maple - Derby Line:** This maple product producer is developing a cooperative marketing model with area tourism and specialty food companies called Lat 45 (named for the 45th latitude) as a brand. They are developing cooperative promotions and events, with packages with area resorts and inns. A new maple museum on their sugarbush will be opened this week. We will continue to assist them going forward.
- **Appalachian Flooring - North Troy:** The company is seeing an increase in orders due to the Lumber Liquidators report alleging sale of contaminated flooring from China. Full time employment is at 15. They are working with VMEC on lean and experiencing 30 to 40 percent growth in sales. There were a number of areas of interest in terms of future assistance, including further training and financing. Appropriate referrals will be made.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Represented ACCD at the first of four **Value Chain Workshops** for the Forest and Wood products sector, this one focused on developing business and market opportunities in **furniture manufacturing**. These workshops are the next step in the Forest Systems Analysis being undertaken by the Forest Committee of the Working Lands Enterprise Board and our consultant, Yellow Wood Partners. 25 businesses/ organizations from up and down the supply chain participated including Redstart Forestry, MD Forestland Consulting, Gagnon Lumber, Cersosimo Lumber, Champlain Hardwoods, Pompanoosuc Mills, Vermont Farm Table, Shackleton Thomas, Maple Landmark, Sawyer Bentwood, Vermont Woodworking School, Vermont Woods Studios, High Meadows Fund, Vermont Sustainable Jobs Fund, Northern Forest Center, Vermont Manufacturing Extension Center, the Farm and Forest Viability Program, the Agency of Agriculture the Department of Forests and Parks. One of the Value chain opportunities identified was to develop strategies to generate more demand for Vermont/ Northern Forest species such as maple for use in furniture (currently, the species in vogue – Walnut and Cherry, in particular, are not predominant in VT, leaving many VT furniture makers reliant on out of state wood, especially from PA). Will continue to develop this opportunity...
- Participated in Commissioner Gosselin's Strategic Communications for Economic Development meeting. Wrote a promotional overview for **Vermont's clean energy cluster**, including profiles of innovative clean energy businesses across the state.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Captive Insurance Companies Association (CICA) Annual Conference:** Dan Towle, Director of Financial Services attended CICA along with Dave Provost and Sandy Bigglestone of the Captive Insurance Division. The state exhibited and spoke on 3 panels at this event. This conference is the largest non-domicile specific conference with over 500 in attendance this year. It has proven to be a very beneficial conference with solid booth traffic and prospective meetings.

VERMONT EB-5 REGIONAL CENTER ♦ Brent Raymond, Director

- Multiple communications with US DOC regarding the upcoming US DOC Select USA Summit. Thousands will be attending. Not only will I be representing the state on an Academy panel, but manning a booth and have set up meetings with several overseas businesses and governmental entities who will be attending.
- Meeting and communications with Megan Sullivan, staff for Congressman Welch regarding his attending Power from the North B2B Summit and making opening remarks. His schedule does not allow him to attend.
- Arranged meeting between Governor and Andrew Burke of SouthFace Village at Okemo EB-5 project.
- Conference call with President of IntraWest, 5 real estate development staff and internal council regarding Stratton Mountain development planning.
- Communications regarding ExIm Bank, TTIP and Trans Pacific treaty negotiation updates to fed delegation, Senator Lyons and Representative Keenan and Governor's staff.
- Con call with Ag, and communications regarding French Dairy company interested in VT production expansion.
- Communications with various Senator Leahy staff regarding several topics: State Department ITAR event in Vermont as well as an ITAR expert to speak at upcoming Eastern Trade Council Board meeting in Washington, D.C., and EB-5.
- Communications with Auditor Hoffer regarding Vermont Global Trade Partnership (VGTP) annual reporting Northern Border Regional Commission ExporTech grant, and erroneous White House website export data reporting.
- Meeting with an American and his Chinese wife currently in 3 year residency status, who are seeking information regarding EB-5 so they may pay to have her brother and family immigrate to the USA.

VERMONT GLOBAL TRADE PARTNERSHIP ♦ Becky Fu, Manager of International Trade

- Becky is working on finalizing the Power from the North Day 2 Matchmaking event with team Lisa Gosselin, Shelley Pembroke, Ken Horseman, Brent Raymond, Jared Duval and Byunghoon.
- Becky is working on booth design and final logistics for AeroMart Montreal event.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **Maponics:** Beth Demers, Jess Simon, and Joan Goldstein met with Shawna Smith, Human Resources, of the White River Jct. based Maponics. The company has grown from 26 to 51 employees in two years. The company is now in a position where new product launches could grow the employee base more. Joan and Shawna have been working with Fred Kenney regarding a potential VEGI incentive. Beth gave an overview of the Vermont Training Program and will follow up with Shawna once the employee training needs are identified.
- **Henderson's Tree & Garden Services:** Beth Demers, Jess Simon, and Joan Goldstein met with Sylvia Provost at her White River Junction greenhouse. The company is entering its 30th year and has between 12 and 16 employees. Due to the seasonality of the work and employment the Vermont Training Program does not seem to be a good option. However, Joan will introduce Sylvia to John Ryan who runs the Vermont Agriculture Development Program. Sylvia will also put together a list of employee training needs for Beth and Joan. From looking at this list referrals will be made to other workforce development programs.
- **Vermont Works for Women:** Beth Demers met with Rachel Jolly of the Winooski based Vermont Works for Women. The most recent program the group is developing is a Step Up to Manufacturing program. Beth gave an overview of the program and Rachel will discuss it with the partner businesses developing the program.
- **Legislative Observations:** Jess Simon went to the Senate Committee on Economic Development, Housing and General Affairs to listen to testimony from Tom Little, VP, General Counsel, and Assistant Secretary of VSAC, about the Vermont Strong Scholars legislation. He voiced concern for being on the "hook" for paying back loans if there isn't any funding put forth by the legislature. He is working with David Hall, Leg Council, to draft some language to add to the bill to protect VSAC from this.

ITS/CONNECT VERMONT ♦ Robert White, ConnectVermont Director

ITS/ConnectVermont

- Attended US DOT Road Weather Management (RWM) Connected Vehicle Pilot Project discussion with Tri-State and SWRI.
- Attended TSMO Vision meeting.
- Attended conference call with Scott, Rich, Kevin, Erik and AASHTO leaders to discuss how AASHTO can assist VTrans with the Brattleboro bridge project.
- Started drafting VT initiatives for the Tri-State Proposal for US DOT RWM Connected Vehicle Pilot Project.

MATS

- Continued working with Parsons on new MATS web version platform and costs.
- Attended MATS AVL DWR/WebTech/TAMP integration discussion meeting.

Future Goals

- Present Connected Vehicle overview to Executive Staff.
- Attend RWM Connected Vehicle Pilot Project discussion with Tri-State and SWRI to finalize objectives and make sure all involved know what documentation is needed from each entity.
- Attend conference call with Tri-State and FL DOT to get FL DOT's lessons learned from implementing WAZE into their ATMS-511 system.
- Attend PSBN Commission Meeting.
- Finalize VT initiatives for the Tri-State Proposal for US DOT RWM Connected Vehicle Pilot Project and submit to UVM TRC for inclusion into the Tri-State proposal.



219 North Main Street, Suite 402, Barre, VT 05641
(p) 802-479-1030 | (f) 802-479-1835

CONFIDENTIAL AND PRIVILEGED
MEMORANDUM

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: March 13, 2015

Press Contacts:

- Jill is in the State House a great deal, and often has conversations with Amy Nixon (VT Digger) or Josh O’Gorman (Vermont Press Bureau).
- Jill spoke with Amy Nixon, VTDigger, regarding the Senate Education version of a Governance bill.
- The Randolph Herald ran an inaccurate story on dual enrollment. We are going to request some corrections.
- Jill spoke with Keith McGilvery, WCAX, regarding Nicola A. Smith, a paraprofessional charged with inappropriate conduct with a student.
- Melody Bodette of VPR requested an interview with Rebecca before April 3.
- Matt Hongoltz-Hetling, Valley News, requested data in a follow up to the Governor and Rebecca’s editorial meeting.
- Emma Brown, Washington Post, interviewed CFO Bill Talbott regarding a claim that Vermont’s spending gap between highest and lowest income communities was one of the biggest in the nation. Rebecca followed up and sent our data which suggests the NCES study misrepresents Vermont.
- Howard Weiss-Tisman, Brattleboro Reformer, requested comment on the JFO Paraprofessional Study.
- Anne Galloway, VTDigger, requested several data sets regarding enrollment. Brad James and Bill Talbott responded.
- Tiffany Pache, VTDigger, requested data regarding the smallest high schools in the state, and the largest (her figure was 100 students per grade or higher).
- Amy Nixon, VTDigger, requested comment on the JFO Paraprofessional Study.
- Angela Timpone, Vermont Woman Publications, requested an interview on Common Core and SBAC implementation.
- David Corriveau, Valley News, requested information on the upcoming SBAC assessments.
- John Fischer spoke with Elodie Reed, St. Albans Messenger, regarding the connection between the Flexible Pathways initiatives and education.

Public Presentations/Speeches/Meetings:

Met with board members and superintendents from Orange East, Rivendell, Blue Mountain and SU 23 from NH. This was an open ended conversation about options for consolidation of governance. We may see an effort to expand the Rivendell Interstate District north through Bradford to Wells River. Representatives from Bradford Area were also there.

Public Forum on Education, Tax Rates and Consolidation in Manchester. Chuck Sweetman was the MC—a good guy. Senator Campion also presented.

Visit to NEK Regional Superintendents Group: I met with the eight superintendents from the NEK. I felt it was a good, honest conversation. Seven clearly felt the need for some consolidation of governance, and one was adamant about the importance of voluntary approaches, but expressed grudging acknowledgement that there might be benefits to district consolidation. They were interested by the concept of consolidating groups of similar districts in ways that preserved local preferences related to tuitioning.

Visit to Cabot, met school staff, superintendent and students. I discussed instruction and governance. They desperately need capital renovations. When I pointed out that renovations supported by the rest of the state would be difficult to justify given their declining enrollments, they acknowledged the point. They asked if we would be open to creative solutions that consolidated districts if not schools, and I reiterated that that was what we hoped they would do.

Improving Interagency Collaboration for Transition-Aged Students with Developmental Disabilities. I gave a welcome and comments at lunch time.

Bill Mathis (by phone)—We discussed governance and SBAC

Superintendent Alice Worth - We met to discuss whether she would be interested in having a BC professor do some writing about how she got two communities to come together with a joint school.

P21 staff and CA Deputy Secretary Richard Zeiger - We had a phone conference regarding a co-presentation at P21 conference in DC next week. I will also be meeting separately with Rich regarding the ESEA reauthorization.

Senator Anne Cummings - we met regarding her goals and progress.

Representatives Masland and Briglin - both are concerned that we are proposing to not conduct Education Quality Reviews in Independent Schools.

Emerging issues

Reducing time on federal compliance to free time for high priority state initiatives:

We would like your thoughts on adding the following to our technical corrections bill.

Sue
ah

This proposal is intended to free up capacity for state priorities.

This change would effectively make it so that instead of annually doing calculations and telling every school it is low performing, we could instead use SUs/SDs as our unit of accountability for the purposes of federal accountability.

We see this as consistent with Act 153, which moved curriculum and instruction, and special education to the supervisory level.

It would also free up some capacity for school quality reviews, because instead of making 305 determinations (one per school), we would only make 59 (one per SU/SD).

Title 16 : Education

Chapter 001 : Administration Generally

Subchapter 002 : Federal Funds

§ 43. Federal education aid funds; administration; local education agency

(a) The Agency, as sole state agency, may administer federal funds made available to the State under the Elementary and Secondary Education Act of 1965, Public L. No. 89-10, as amended, and the No Child Left Behind Act of 2001, Public L. No. 107-110. Those funds may be accepted and shall be distributed and accounted for by the State Treasurer in accordance with that law and rules and regulations of the United States issued under it if there is conflict between that law or those rules and regulations and the laws of this State.

(b) For purposes of distribution of funds and for purposes of determining pupil performance and application of consequences for failure to meet standards and for provision of compensatory and remedial services pursuant to 20 U.S.C. §§ 6311-6318 under this section, a supervisory union or supervisory district shall be a local education agency as that term is defined in 20 U.S.C. § 7801(26).

~~(c) For purposes of determining pupil performance and application of consequences for failure to meet standards and for provision of compensatory and remedial services pursuant to 20 U.S.C. §§ 6311-6318, a school district shall be a local education agency. (Added 1965, No. 190, eff. June 30, 1965; amended 2003, No. 64, § 1; 2003, No. 114 (Adj. Sess.), § 1; 2013, No. 92 (Adj. Sess.), § 19, eff. Feb. 14, 2014.)~~

Personal: I am hoping to spend April 13-17 with my kids. I ended up missing most of the last vacation I had planned for work.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: March 13, 2015
Re: Weekly Report

Status of Governor's Priorities:

none

Legislative Issues/Contacts:

None. I plan to meet with various Senators regarding their support for lottery and to oppose the language restricting lottery & liquor licenses. Chairperson Martha O'Connor will be doing the same.

Press Issues/Releases/Contacts:

none

Significant Events/Meetings:

none

Evolving Issues:

Reviewing options for staff reduction.

Summary of Key Agency Department Activity:

We held long term planning meetings with our ad agency, ticket printing vendor, and today with our new website designer.

Executive Director's Commentary:

We held a staff meeting to review concerns that were raised through the Oct 2014 employee survey. I started off the discussion with some background info and what I expected we needed as the outcome. Very little interaction from any staff members occurred so I left the room so they could continue. We will review the notes and suggestions in the near future and determine next steps.

We have a new lottery commissioner lined up to replace out-going comm. Virginia Barry. Lindsay Kurrle from Montpelier is scheduled to start in May.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, March 13, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Legislature

Thanks for bringing the Chairs together to discuss their differences this week. I presented in Senate Transportation this morning to describe our fiscal situation along with our proposed cuts to address our \$6.4 million. The mood was testy, although not too ugly. It is clear that in light of what is happening throughout state government, they believe we need to cut our budget. I acknowledged that we are willing to do this, and have proposed cuts, and have already significantly cut our budget in developing the Gov. recommend. Pat is prepared to move forward with either the cuts or the increase via TIB Floor. He plans to vote his bill out on Tuesday. I assume that, at this point, you would not publicly support the TIB Floor adjustment as a strategy to address the \$6.4M hole. **Please let me know if you want any other message to Pat.**

I spoke w her.

Bridge issues

Brattleboro I-91: Awaiting the contractor's response letter (due March 20th) and orchestrating a call to them that would be on your schedule if you want to participate. Testing strategies to reduce interstate delays during peak times (including closing Exit 3 on ramp). Hope to confer soon on a strategy to inform legislators, the community and public. Details on the project history are in the attached memo.

Waterbury Exit 10 bridge project: Will begin reducing 4 lanes to 2 lanes in two weeks. Extensive community outreach and our best effort on traffic management are underway.

Global Foundries

Meeting with Janette Bombardier this afternoon to discuss our approach to 22A improvements (for which there is, obviously, no funding).



NOTES FOR STAFF

Legislature

In addition to the TBill activities, staff has been working to participate on the Water Quality bill, including my presentation to Senate Natural Resources with David. Mears, and our work with House

Went through

1 to her it's a no get set.

Transportation to include a Town Highway Water Quality program in the TBill. It is noteworthy that the Senate asked Rob Ide to produce a full spreadsheet of all DMV fees, adjusted for CPI. This was presented to the Senate this morning, along with the testimony that these could not be implemented by July, and the earliest would be January. Fees, adjusted for CPI, would raise \$8M. Very unclear whether the Senate would raise fees this year given the "need to cut" speech (or was it a reprimand?) the hour before the fees were presented.

Brattleboro I91 West River Bridge

- **NOTE: A detailed memo on this project is attached as requested.**
- Traveler delays during the reporting period include northbound March 6 between the hours of 4:50 and 6:00 pm, and southbound March 8 between the hours of 4:00 and 6:00 pm.
- The PCL+FIGG Team will conduct the next on-site "trail talk" for the Public on Saturday, March 14, 2015 at 8:15 am.
- The new Project Manager for PCL, Todd Schille has been on site and engaged in the process.
- The schedule analysis continues; the February 27 schedule run altered the critical path of the work and this is complicating the analysis. We need to understand the resource loading such that the schedule is as aggressive as possible.
- Traffic Management update: results of a recent analysis of the traffic data suggests that the impacts to travelers on I91 southbound can be mitigated by closing the on ramps at Exit 3 during the peak demand hours. The team is going to test this approach Sunday, March 15th to validate the analysis and monitor any secondary impacts associated with the ramp closures. Note: both the NB and SB on ramps need to be closed because there is no place to turn around after one exits the roundabout and heads west towards the interstate from the junction of US5/VT9. Close proximity of both Exit 2 and Exit 4 make this a potential mitigation strategy worth investigating.

Waterbury I89 Stowe Street Bridges

- No traffic issues due to construction at the Waterbury bridge project on I89 last week and none expected this week.
- Public outreach meeting planned for March 18, 2015 from 6:30 – 8:30 pm in Waterbury. Electronic survey launched this week to receive feedback from the public on the suite of construction projects.
- The contractors (Beck and Bellucci) indicate that between April 13 and April 17, the southbound crossovers will be opened.
- At this time and throughout the project, the southbound on ramp will be closed daily (M – F) between the hours of 3:00 – 6:00 pm and traffic will be diverted east on Route 2 through Waterbury village to Middlesex.
- From April 18 – April 30 demolition of the bridge deck, approach slabs and wingwalls of Bridge 46S will occur.



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BRATTLEBORO, VT (<http://topics.masslive.com/tag/brattleboro-vt/index.html>) - Both lanes of Interstate-91 have now been open to traffic ending days-long traffic jams in the southern part of the state.

The Windham Sheriff's Department announced at about 10:45 p.m. that workers had managed to stabilize the bridge that is under construction to make it safe.

All northbound and southbound lanes for Interstate 91 between Exits 1 and 3 in Brattleboro **had been closed**

(http://www.masslive.com/news/index.ssf/2014/04/interstate_91_closing_in_bratt.html)

since Saturday morning because of problems with bridge construction. The closures created gridlock at times in the town and on the highway.

The problem happened when the bridge that is under construction began leaning towards the bridge that was being used, according to the **Windham County Sheriff's Department** (<https://www.facebook.com/WindhamSheriff>).

State police had originally predicted the highway would open at 8:30 p.m. Sunday.

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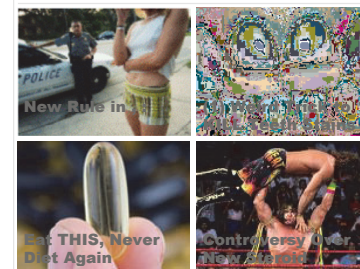
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From Around the Web



Today on MassLive.com



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Two injured in Springfield shootings within 14 hours Sunday

(http://www.masslive.com/news/index.ssf/2014/04/interstate_91_in_brattleboro_v.html)

A 20-year-old man was shot on Main Street in the north end of the city, becoming the second man to be injured by gunfire Sunday ... **Read more**

» (http://www.masslive.com/news/index.ssf/2014/04/interstate_91_in_brattleboro_v.html)

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State to reconsider bridge design

By MIKE FAHER / Reformer Staff

POSTED: 08/01/2012 03:00:00 AM EDT [0 COMMENTS](#)

Wednesday August 1, 2012

BRATTLEBORO -- State officials heard more than a few jeers this summer after unveiling a plain concrete design proposal for a new Interstate 91 bridge over Route 30.

So they're now pledging to incorporate residents' aesthetic concerns into planning and bidding for bridge replacement, likely with help from the Windham Regional Commission.

But there's not much time to set up that process, as the state will advertise for design/construction bids in early September.

"We definitely want the suggestions," said Todd Sumner, who is managing the project for Vermont Agency of Transportation. "We definitely want the input."

Officials expect a multiyear effort to replace the two structurally deficient spans crossing the West River and Route 30. Costs could reach \$50 million, and the job will necessitate periodic closures of heavily traveled Route 30.

However, VTrans administrators have said they face a September deadline to lock in or possibly lose federal funding for the project. So they're working on an expedited schedule, and a private "design/build" team will handle both design and construction of the new bridge.

But the state also is setting up guidelines for that team to follow, and officials in June proposed replacing the arched steel bridge with a simple concrete structure.

That riled up some residents during a public meeting and in the weeks afterward.

Advertisement

It also spurred a response from Windham Regional Commission Executive Director Chris Campany, who in July wrote a letter to VTrans asking for "a requirement that the public be

actively involved in the design of the new bridge and that weight be given towards the aesthetics of the final bridge design."

That could happen, Campany suggested, through public meetings with project contractors.

"We specifically want applicants to include a public engagement and charrette process in their proposals, as well as a web-based design review and public input strategy," he wrote.

Some of those who have objected to the concrete design have noted that the steel I-91 bridge is a well-known, often-photographed gateway to the scenic Route 30 corridor.

Campany's letter dubs the bridge a "southern Vermont icon," and he urges careful deliberation in choosing what will replace it.

"This region has a wealth of creative people who would like the opportunity to contribute their vision to the eventual design of the bridge," Campany wrote. "We urge you to provide them with that opportunity, and to require applicants to describe how they will incorporate public participation in the design of this important structure."

State officials have argued that the concrete design offers advantages including low-impact construction, 100-year durability and less long-term maintenance than a steel bridge requires.

But in an interview Tuesday, Campany said VTrans has been working with the commission regarding the local design concerns.

"I'm really glad they're taking it seriously," Campany said. "We have been in touch by phone."

Sumner said discussions have included creation of an "aesthetics-evaluation committee" formed through Windham Regional.

"The details of that haven't been ironed out yet," he said.

There is not much time to set that up. Sumner said September's bid advertisements must be "explicit and very clear" about how bridge-design proposals will be evaluated aesthetically.

"We want to make sure everybody has the same information and that it's a level playing field," Sumner said.

Mike Faher can be reached at mfaher@reformer.com or 802-254-2311, ext. 275.



State of Vermont
Office of the Secretary
One National Life Drive
Montpelier, VT 05633-5001
www.aot.state.vt.us

[phone] 802-828-2657
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Agency of Transportation

March 6, 2015

Luis Ventoza, PCL, COO
PCL Construction Enterprises, Inc,
Denver – US Head Office
200 South Colorado Bvd
Tower Two, Ste 2-500
Denver, CO 80222

Dear Mr. Ventoza:

I am following up on the briefing that you and your PCL team provided on February 24, 2015 to me and my team, Governor Shumlin's Chief of Staff, Elizabeth Miller, regarding the unfolding situation at the Brattleboro I91 bridge replacement project.

As we described to you in person, a delay in the completion of this bridge replacement, which now appears likely, is a grave situation for our state. The I91 bridge is a major gateway to Vermont and a travel corridor for tens of thousands of visitors every day. The travel delays on this interstate corridor, which are significant during peak times, have a serious impact on our tourism economy. For this reason we are extremely disappointed to learn that you are unable to complete the project in the timeline that was presented to us when we selected your firm and design for this project. Governor Shumlin, who is from this part of the state, is particularly unhappy about this situation, and he reminds me of this whenever we meet.

We appreciate your company's response to our request for a leadership-level presentation on the current status and potential schedule delay for this important project. As discussed at our meeting, I plan to present an update on the bridge project to the public in the near future. In advance of this, I would like to have a clear written communication from you – the owners of this project – about the key elements we heard from our meeting. In particular, I would like confirmation of:

- The timeline for the most expeditious completion of the project as is possible;
- Description of the resources you are devoting to this project, in terms of staff and expertise;
- The additional ways that your team will work with the state and community to manage traffic and improve outreach to the travelling public
- Plans for ongoing safety and inspection of the existing structure.





I appreciate a response to this request no later than March 16, 2015. In addition, I would like to follow up with telephone conference call shortly thereafter, to include the Governor's office. Please coordinate scheduling this call with Shana Trombley of the Governor's office (Shana.trombley@state.vt.us), as well as my assistant, Jo Maguire (JoAnn.Maguire@state.vt.us).

Additionally, we will be setting up the quarterly update meetings with you and your staff as discussed at the briefing. These can take place over conference calls and/or in person as schedules allow. Ultimately we want to stay in touch to mitigate any further unanticipated activities.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan M. Minter".

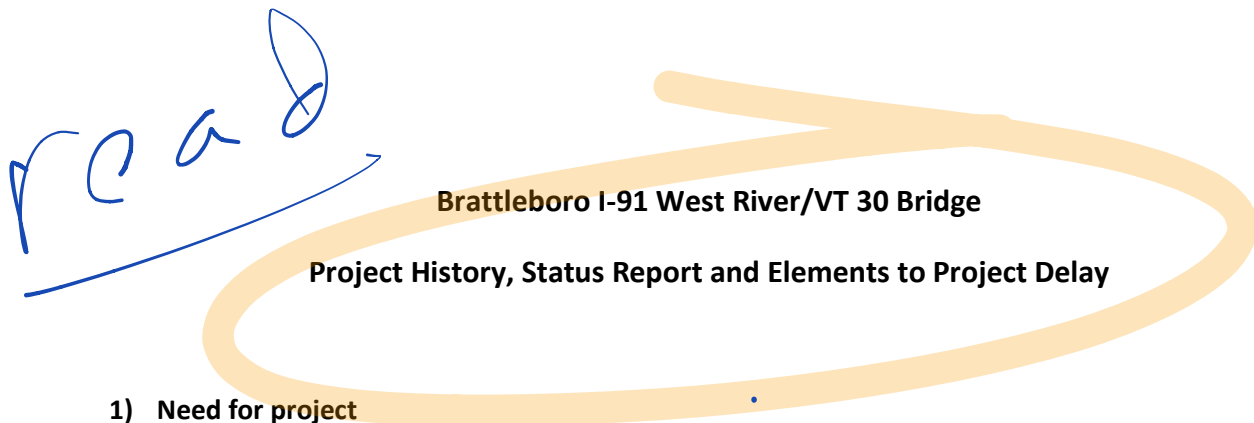
Susan M. Minter
Secretary of Transportation

cc: Elizabeth Miller, Governor Shumlin's Chief of Staff
Gayle Grady, PCL Construction Enterprises, Inc.
Richard Tetreault, VTrans Chief Engineer



The following shows the scoring breakdown and bids:

BRATTLEBORO IM 091-(65) DESIGN-BUILD BIDS OPENED: MARCH 14, 2013					
DESIGN-BUILD TEAM	TECHNICAL PROPOSAL SCORE (50 POINT SCALE) *	AS READ COST PROPOSAL(\$)	COST PROPOSAL SCORE (50 POINT SCALE)	TOTAL SCORE (100 POINT SCALE)	RANK
PCL Civil Constructors, Inc./Figg Bridge Engineers, Inc.	35.67	\$59,490,000.00	45.39	81.05	1
Reed & Reed, Inc./HDR Engineering, Inc.	30.94	\$54,000,000.00	50.00	80.94	2
Lane Construction Corporation/Hardesty & Hanover, LLP	31.00	\$82,812,233.00	32.60	63.60	3
Apparent Lowest Cost Proposal: \$54,000,000.00			Apparent Best Value Score: 81.05		



1) Need for project

- Routine bridge inspections and engineering analysis verified that the existing twin bridges required extensive rehabilitation or replacement and the need was imminent, due to safety, capacity and width concerns. Replacement was selected for durability, life cycle cost, functionality and capacity reasons.
- I91 in the Brattleboro area is one of the first segments constructed in Vermont, dating back to the 1950s. From Exit 1 through Exit 3 the Whetstone Brook/Williams Street Bridges and the West River/VT30 Bridges were cited as being deteriorated to a degree that load posting and emergency repair closures were at risk; the resulting traffic impacts in downtown Brattleboro would have been detrimental to the community, commerce, and statewide tourism. I91 is a vital link into Vermont and VTrans is investing tens of millions of dollars into a number of bridge projects from Guilford to Brattleboro to Windsor and all the way up to White River Junction. This corridor management strategy will help to keep Vermont's economy strong long into the future.
- In 2012, as a result of the significant effort required from TS Irene (and federal Emergency Relief Funds), VTrans needed to quickly obligate \$50 million in federal Formula funds, or risk sending these back to Washington DC. The I91 Brattleboro bridge project was expedited to assist with this need for federal obligation, as well as to address critical safety concerns along this corridor.

2) Design-Build procurement method selected

- The Design-Build (D-B) process was selected as the delivery method. D-B procurement process is innovative and enabled us to quickly obligate federal funds. The D-B process allows the federal funds to be obligated before RFP process. [Design-Bid-Build (DBB) project construction funds are obligated after design and permitting]. Through the D-B procurement process we accomplished in 1 year, what normally takes 5 (average).
- D-B places more risk upon the contractor, and less on the owner (state) than does the more traditional Design-Bid-Build.
- Large complex projects lend themselves to the D-B process as the engineering and construction are performed by one team with the same vested interest.
- The FHWA has been encouraging State DOTs to utilize Design-Build on these types of projects under their Every Day Counts Innovation Initiative, to the degree that in more recent years an increase of 5% federal share is allowed on Design-Build projects under MAP21. We just missed it on this project as we got it out pre-MAP21.

3) Community engagement & special processes (value engineering, aesthetics, national expertise in bridge design)

- Community and regional meetings (“Local Concerns” meeting) occurred early in the process (March 2012). Ongoing collaboration with RPC (WRC) since the beginning. Strong concern expressed regarding aesthetics (scenic corridor of Route 30 & gateway to Vermont); “signature” bridge for the region.
- Value Engineering process: Pre-study team of 20 professionals convened to review the project from multiple perspectives. Aesthetics and construction schedule were identified as critical project components.
- Aesthetics evaluation committee: At request of RPC, an Aesthetics Committee lead a local process to solicit community input through community meetings.
- Community concern around aesthetics and potential Act 250 review (which considers aesthetics) was important consideration for successful & expeditious permitting and delivery.
- VTrans consulted with a nationally recognized expert and received technical assistance from company with experience in concrete segmental bridge design and construction (Corven Engineering).

See attached local press releases from early on in the process, as well as another via the following link: http://www.reformer.com/localnews/ci_21204845/state-reconsider-bridge-design

4) PCL/Figg selection process

- PCL Constructors Inc./Figg Engineering team was one of 3 (selected from 6 firms presenting SOQs) to respond to RFP. This ranking and selection process was done by expert engineers through a transparent prescribed ranking process.
- The PCL/Figg team received the highest score, considering both the technical and cost proposal. While their price was higher, the design was deemed to be of significantly higher overall value, including lower maintenance costs (1 bridge vs. 2). This is carefully documented on attached score sheet.
- The accepted cost proposal is valued at (\$59 million); the lowest proposal was \$54M (Reed & Reed) and the highest \$82M (Lane). The lowest cost proposal included 2 bridges and low aesthetic appeal. (2 bridges represent greater long-term costs for VTrans.)
- The community did not participate beyond the Aesthetics Committee in the selection process for the D-B team. This seemed reasonable due to the primary concern being aesthetics. The Aesthetics Committee is still involved in picking some of the final details on concrete staining, landscaping and railing selection on the viewing platform.
- VTrans and the D-B team hold monthly collaboration meetings to discuss the ongoing project. These are held onsite and cover topics of interest on the project. These are led by the D-B Project Manager and VTrans RE and key personnel from the D-B team and VTrans are invited.

5) What are the causes of the delay?

- The causes of the delays to date are:
 - i. 30 days associated to receiving the necessary environmental permits,
 - ii. 23 days associated with a differing site conditions claim,
 - iii. 13 days for a substructure design supplement,
 - iv. 25 days for weather beyond what was apportioned,
 - v. Roughly 5 months associated with the pier table construction.
- Large scale complex construction projects often experience delays; this is not unique to this project. The owner (VTrans) or the contractor (PCL) will take responsibility for their delays, but this has yet to be analyzed. Some of the delays are contested in terms of ownership (compensable) and no determinations have been made at this time; the contract governs the process to follow for such determinations.
- Regardless of who owns the delays associated with permits or differing site conditions (difficult coring through hard rock), the earlier delays impacted the contractor's ability to perform some of planned work during the summer and shifted the work to the winter months. The result is much more difficult conditions with lower productivity.
- Perhaps as much as 5 months of delay cited by the contractor is associated with the "complexity of the pier table design" where thousands of reinforcing steel bars share the same space making fit up and formwork more challenging than originally anticipated during the design/build proposal stage. PCL is taking ownership of these delays.
- "Could anything have been done earlier to create action/response from contractor?" Fundamentally the contractor owns the means and methods for getting the work accomplished and sometimes they miss the mark. It is potentially very costly for an owner to step in and direct a contractor to take action, or to force the contractor to accelerate the work. The actions taken were measured and timely based on the facts. In the Design-Build arena, the burden is with the Design-Build team to deliver the design for the cost and schedule they proposed. Interfering with this process potentially shifts ownership back to VTrans and this process must be navigated carefully to ensure VTrans and the State of Vermont is not harmed in the process.

6) How did VTrans manage the slow progress?

- The contractor's progress has been monitored continuously.
- Early in the project, the schedule slippage is attributed to contested items: permit delay; weather; differing site conditions and claims. As the contract time is contested, requesting a recovery schedule could be very costly for VTrans and forced acceleration is compensable, in the event VTrans owns the delay.
- A 13-day contract extension was granted for additional substructure design requirements and agreed to by a contract modification.
- In the summer of 2014 the production of the pier table slowed to a crawl.

- The VTrans team, in consultation with a schedule expert determined we have a solid position to ask for a recovery schedule and do so late October 2014.
- A Recovery Schedule request was sent to the Contractor in a Letter dated 10/30/14. No immediate response from PCL.
- A Letter dated 12/23/14 was sent to the Contractor requesting a firm date be provided for a Recovery Schedule.
- An email response was received on 1/15/15 stating: *PCL will provide and be prepared to discuss a schedule analysis taking into account variables such as winter conditions, efficiency variances, and other schedule impacts that have occurred at a meeting with VTrans on February 5, 2015.*
- Recovery Schedule was discussed in Weekly Progress Meetings (on project with Resident Engineer, Eric Foster and PCL Project Engineer Caleb Lynn) on: 11/18/14; 11/25/14; 12/02/14; 12/16/14; 1/07/15; 1/14/15.
- 2/5/15: Construction Director meeting with PCL; first admission of significant delay.
- 2/12/15: Secretary briefing, described potential significant delay.
- 2/13/15: Deputy Secretary and Chief Engineer contact PCL leadership. Demand course correction from PCL, request leadership meeting (with Gov. Chief of Staff).
- 2/24/15: Leadership meeting held: Top PCL leaders, with Gov. Chief of Staff, VTrans Secretary and key executive team leaders; FHWA Administrator.
- 3/6/15 Secretary's request for written revised schedule (3/6/15) attached)
- 3/3/15 Construction Director receives Progress Schedule Update (3/3/15)

7) How is the contractor held responsible for the delay?

- How/ when do liquidated damages (LD's) come into play?
 - i. The contractor is assessed LD's for each working day beyond the substantial completion date and the final completion date. These damages stop accruing once the contractor meets specific milestones outlined in the contract. Once the contract is complete, the Extension of Time (EOT) process kicks in and the contractor has an opportunity to contest the damages for only those reasons outlined in the contract.
- Is there more we could have done within the contract to protect the state?
 - i. The contract as written protects the interests of the State. The contract as written is typical for most projects and was not deficient in terms of completion dates and damages. The only other option would have been to include incentive/disincentive language, but that could have potentially increased the project costs or resulted in a longer schedule.
- How do the LD monies get distributed?
 - i. LD's are monies that do not get paid to the contractor.
- Can the town benefit from these funds (might they be directed toward the pedestrian bridge they are pursuing?)?

- i. The FHWA as a prime sponsor of this project would not support transferring the federal portion of the LD's for such a purpose.

8) Next steps for traffic management

- VTrans has consulted with AASHTO to review success stories with traffic management on these types of projects at a national level.
- The project team is working with the contractor to get pricing for variable message signs (VMS) which may be tied to the smart work zone and placed at strategic locations in the statewide network to provide travelers with more information, faster.
- VTrans new TSMO Section (Transportation Systems Management and Operations) is coming on line and will both serve as a resource to the Construction Bureau if needed, as well as helping ensure coordination and communication between the project and the Transportation Operations Center (TOC). In short, the message displayed on VMS must be consistent, regardless of whether the VMS is controlled by the TOC or is part of the smart work zone. This TSMO support will include forward leaning regarding expected heavy traffic volume weekends and communication to the traveling public.
- The Construction Bureau will work with the contractor to enhance our local messaging where practical.
- We have investigated the possibility of integrating third party solutions such as WAZE into our smart work zone, but more research is needed before determining if this is feasible and whether or not it would provide a measurable benefit. Some other states (Florida and Utah, for example) use WAZE and report great success and over 90% reliability with the data. Our new ATMS/511 system will incorporate WAZE, but it's not cost effective to try to incorporate WAZE into our current 511 stopgap system.
- FHWA continues to be a resource for technical assistance on traffic management.

9) Public Outreach / information plan For discussion

- Meet with legislative delegation
 - i. one-on-one discussion with key legislators (to begin ASAP)
- Meet with Selectboard
 - i. After we receive written response to Secretary's letter, and phone follow up
 - ii. Preferably at regularly-scheduled meeting (1st & 3rd Tues.)
 - 1. Include Secretary, Chief Engineer, Structures Director
 - 2. Include contractors?
- Meet with RPC and Aesthetics Committee
 - i. Following Town Select board meeting)
- Press release/outreach?

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary of Human Services
Re: AHS Weekly Report
Date: March 13, 2015

Highlights:

AHSCO:

Complex Client Illustrates Need for Better Coordination _____ pg. 2

VDH:

Grants Promote Greening and Gardening for Vermont Businesses _____ pg. 3

DMH

Vermont Psychiatric Care Hospital (VPCH) _____ pg. 3

DAIL

New Federal Mandate for VocRehab Causes Stir _____ pg. 4

DOC:

OMS Go Live on March 17th _____ pg. 5

DCF:

DCF Family Services Child Protection Conference _____ pg. 5

DVHA:

Provider Tax Hearings _____ pg. 6

Secretary's Message

This week, I have been working to provide the requested budget impact information and additional recommendations for labor savings. As we all are well aware, there are no easy options at this point. The Agency Commissioners and I are working hard to put forth our best recommendations to meet these challenges and we will continue to work toward the best result for the State.

What I am finding is that AHS is under resourced in many significant areas. Some of the challenges we have faced over the last year are directly related to insufficient resources. Further cuts in programs, to our provider partners and in staffing will exacerbate our vulnerable situation and also will exacerbate the vulnerabilities of the people who rely on the agency for their protection and basic needs. Many of the program and staffing cuts under consideration will, in the short and long run, increase demand for Agency services, by limiting our ability to address problems earlier and averting crisis situations for individuals and families. While additional reductions are necessary to finalize the appropriations bill this year, we also are aware that we likely will need to find additional resources for those increased services in the budget next year.

Another important item on my radar is Vermont's Suicide Prevention initiatives. By national standards, Vermont's rate of death by suicide is very high. With 100+ deaths per year, this is a very high rate in comparison to other states. My office led a cross-Agency meeting related to the issue of suicide prevention in Vermont. With some focus interventions, we believe we can significantly reduce this number. The cross department team at the Agency intends to consider policy and practice standards across the Agency and the ongoing work necessary to spread a Suicide Prevention across the Lifespan approach.

Agency of Human Services Central Office (AHS CO)

Legislative Coordination

AHS continues to work with individual departments to coordinate responses to proposed legislation, including the crafting of more palatable language. Specifically, the work is coordinated with both departmental staff and legislators on bills related to the substance abuse system of care, health care reform and trauma in hopes of creating a coordinated, Agency-level approach to the legislation.

Complex Client Illustrates Need for Better Coordination

AHS brokered a financial and care collaboration for a complex client across three AHS departments. It is clear from this situation, individuals receiving direct services are becoming significantly more complex as they cross both diagnostic and funding streams, requiring the Agency to create alternative processes to assess and determine appropriate levels of care.

Vermont's HUD Consolidated Plan 2015-2019

AHS is working with the Department of Housing and Community Development, and staff from DCF and VHCB to draft Vermont's next five-year consolidated plan which will direct federal housing and economic development funds in Vermont for the next five years. A first draft will be available for public review and comment by the end of this week.

Habitability Standards for AHS-funded Subsidies and Non-licensed Residential Programs

AHS Housing Task Force agreed to adopt common habitability standards and procedures for AHS programs providing rental subsidy and rental assistance. Additionally, the group agreed on standards and procedure for periodic on-site monitoring of non-institutional, non-licensed, community-based residential facilities such as homeless shelters, and community-based residential programs supported by DOC and ADAP.

AHS Leadership Development Program

The current cohort of participants in the graduating class of 2015 completed their final all-day seminar and are busy completing their program requirements ahead of the upcoming completion deadline. Meanwhile, the class of 2016 is busy preparing for their first seminar next month.

Vermont Department of Health (VDH)

Public Health Laboratory Completion and Move Delayed

ugh.

HDR, the design firm for the health lab has completed and sent design changes for duct work. PC Construction is reviewing and will advise by March 26th the next steps to implement changes.

Formaldehyde in Flooring

VDH is assisting Vermonters with concerns about high levels of formaldehyde in certain types of laminate flooring. According to a recent 60 Minutes report about flooring sold by Lumber Liquidators, certain types of laminate are not in compliance with the California Air Resources Board emission regulations. Environmental Health is providing Vermonters with information about the health effects of formaldehyde as well as the presence of formaldehyde in many household materials/items such as some types of curtains, and furniture, plywood, paneling, paints, cleaning products. The ubiquitous nature of formaldehyde makes air testing results challenging to interpret, however, information on this is provided when requested. Individuals are also being sent to the Office of Attorney General's Consumer Assistance Program.

New TV Campaign Reaches Rural Teens with Anti-Tobacco Message

Down and Dirty, the rural teen tobacco prevention program, will run TV and digital campaigns for eight weeks, beginning March 16. The 30-second ad, which is an expanded version of last year's successful digital campaign, encourages rural youth to see the use of tobacco as contradictory to the all-American values embraced by "true country" culture.

Grants Promote Greening and Gardening for Vermont Businesses

VDH has awarded eight grants to Vermont businesses to establish food gardens at their worksites. The Green Thumbs at Work program, a partnership of the Department of Health, the Vermont Community Garden Network and Gardener's Supply, provides opportunities for physical activity, stress reduction, and increased access to fresh produce.

Businesses Receive Federal Grants to Support Nursing Mothers

VDH has awarded 15 organizations with grants to create or update spaces for nursing moms, as well as technical assistance to create worksite lactation policies. "Supporting Nursing Moms at Work" grants, each totaling \$1,000, are funded by the Association of State and Territorial Health Officials (ASTHO) to ensure workplace compliance with lactation accommodation laws, as well as promote obesity prevention measures in new mothers and overall health benefits in infants.

press yet?

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

All 25-beds at VPCH remain filled this week. The 45-Level I (State Hospital beds) are on line.

Brattleboro Retreat

Continues to be on track with CMS.

Pathways Vermont

Updates on their conditional SSA status: Pathways has informed DMH that it is having difficulty in earning their Medicaid allotment. DMH is working with them and will continue to monitor.

bummer.

Department of Disabilities, Aging and Independent Living (DAIL)

VR Director Diane Dalmasse to join colleagues at the White House in April

Diane Dalmasse, Vermont VR Director has been invited to a meeting at the White House. Paige Shevlin, Special Assistant to the President for Economic Policy, has arranged a meeting for VR State Directors who have responsibility for implementation of the Workforce Innovation and Opportunity Act (WIOA) to discuss WIOA with white house staff and other key individuals at the Executive Branch level. The meeting will take place on Monday, April 20th from 1:00 to 4:00 PM.

House Human Services to consider instituting new adult fatality review teams

Commissioner Wehry will testify today on H.46, a bill to establish a new multidisciplinary/multiagency commission to review deaths of vulnerable adults. In principle, DAIL supports the goals of the Commission but cannot support the bill as introduced. The scope is too broad and ill-defined and fails to take into account the resources that would be needed. DAIL is recommending that the Elder Justice Work Group (of which DAIL is a member) address these concerns and seek non-public financing for the work prior to re-introducing the bill.

Investigations continue at Rutland Mental Health Services' CAP program

The Attorney General's office and DAIL's Adult Protective Service unit are continuing their investigation into the death of Derek Hoffman, first reported in November. Derek was a 32 year old man with developmental disabilities who was found dead in his bed following a fall the previous evening. No new information at this time.

New Federal Mandate for VocRehab causes stir

The Vermont Council of Developmental and Mental Health Services continues to voice its objections to the changes made by VocRehab in light of the new federal law that mandates that all VocRehabs expand services for high school students and young adults or lose federal funding. Specifically the Council objects to reallocation of CRT funds to a youth JOBS program. We have no choice about meeting the mandate. We had to make some very tough choices to meet it. We have outlined the rationale for all those choices and offered several ways to help mitigate the impact. My hope is that once they understand and accept this mandate, we can move forward with the mitigation.

Department of Corrections (DOC)

Commissioner Confirmation

Commissioner Pallito is scheduled for a confirmation hearing, with the Senate Judiciary Committee, on Friday, March 13, at 1:45.

DOC Offender Robs Bank

Jacob Rheume (9/14/84) arrested on 3/10/15 with robbery of the TB Bank in Enosburg Falls. Jacob is currently on parole serving a 5 – 21 year sentence for burglary (5), possession of marijuana, violations of conditions of release, receiving stolen property and cruelty to animals. He is currently held at Northwest Regional Correctional Facility and is being arraigned today (3/11/15) for assault and robbery. When St. Albans P&P gets the necessary paperwork from the courts, they will file a violation of parole.

High Risk Max-Out

Mr. Laws is the offender who prompted the drafting of the recent sex offender registry bill, H.016. The DOC is currently distributing the High Risk Law Enforcement Notification on Laws (DOB 11/16/65). Laws maxes his sentence on 4/9/15 and will no longer be under DOC supervision. Mr. Laws has not provided us with any information as to where he will be residing upon release. The DOC has

Sarah can you follow
release?

completed an affidavit on Laws as he is required to provide the Dept. of Public Safety his residence information prior to his release, a new requirement from H.016.

Mr. Laws currently has a female support person who resides in Winooski, as well as a daughter who lives in the Vergennes area. We will be distributing the law enforcement notification this week in the Barre/Warren area and will also inform the Winooski and Vergennes area as well. This is a high profile case and law enforcement will most likely release the info to the media. Laws will be released as non-compliant high risk.

OMS Go Live on March 17th

DOC will switch to a new offender management system on Tuesday, March 17th. The old database will shut down on Monday, March 16th to allow for a data transfer. The new system will go-live at approximately 10:00am on Tuesday. During that time, the department will operate on a paper system. Information from the database will not be available during that time period. The Department has trained its entire staff on the new management system. The project has been in the planning and development stage for over a year.

Population

The department's incarcerated population averaged 1,927 for the previous week. The male population averaged 1,782 with 318 being presentenced. The female population averaged 145 with 34 being presentenced.

Contract with GEO for Out of State Placements

DOC is in the mid stages of negotiating a contract with the GEO for out of state placements. We will issue a press release on this subject on or about April 1, 2015, assuming we have agreement on the contract terms.

Department for Children and Families (DCF)

DCF Family Services Child Protection Conference

Earlier this week, DCF's Family Service Division held the first day of a two-day training conference on the needs of young children in the child protection system. Over 250 people were in attendance from across DCF's divisions, the judiciary (including guardian's ad litem) and community partners. Dr. Denise Harden Jones gave a very informative "keynote" that educated participants on the particular vulnerabilities of children zero to three, including effective strategies to address the needs of both children and their parents. Day two will be held later this month focusing on specific skill development. This conference is part of DCF's ongoing effort to ensure that staff and partners have the knowledge and skills they need to appropriately handle the steep rise in the number of young children coming to the attention of the child protection system.

Department of Vermont Health Access (DVHA)

Blueprint for Health Status Update

The Blueprint for Health / Accountable Care Organization (ACO) Provider Network integration plan continues to be presented and reviewed by a range of stakeholder and interest groups (e.g. VT Council of Designated Agencies, Community Health Accountable Care LLC, Governance Board within the last week). Support is strong for the plan and the direction towards a Community Health System structure including the Unified Collaboratives and balanced leadership teams. Overall support is good for the

new medical home payment model including a performance component linked to Health Service Area outcomes, which drive interdependencies across organizations.

Weekly Blueprint for Health /ACO Provider Network collaboration continues

Work is now focused on selecting core ACO measures to drive the performance component of the new medical home payment model. Once core measures are selected, the results to date will be evaluated and cut points for payment selected. As the Green Mountain Care Board works to amend the Onpoint contract for the impending extension, we will work with the board to push for improvements in the upstream data validation process, data quality assurance, and improved data profiling for monitoring trends in the data.

House Health Care on Blueprint and Adverse Child Experiences (ACEs)

Emerging legislation from HHC is calling on Blueprint to implement an approach to ACEs as part of the Blueprint model, based on the report submitted by the Blueprint and GMCB to the legislature.

Provider Tax Hearings

The hearing examiner, Bob Simpson, has completed his findings of fact and conclusions of law this week and DVHA expects to be issuing the Order on Remand from Commissioner Costantino in the next week. The Order will comprise DVHA's administrative decision with respect to whether it correctly interpreted the physician office practice exemption regarding hospital provider taxes for 2013. This case will have ramifications for 2014. Hospitals have appealed for this year as well.

Blueprint Clinical Registry

The Blueprint team is currently working with the administration to explore the best way to maintain two essential functions served by the Blueprints clinical registry (DocSite). The contract with the vendor (Covisint) will terminate at the end of June 2015. Covisint is moving away from this business line. At present, the registry serves three key functions:

1. As a clinical tracking system for community providers (e.g. SASH, Tobacco Cessation, Self-Management Programs)
2. As a data aggregation source for key clinical data elements (Medical Homes, Community Health Teams, Hospitals, Health Centers)
3. As a system to quantify source systems (EHRs) that are/are not transmitting essential data elements into the VHIE and registry (e.g. real time data gap guidance).

These results are being used to guide field data quality work with source sites (Blueprint Data Quality Team and VITL eHealthSpecialists). The process is in place so that aggregated data from DocSite is linked to claims data every six months and used to produce core ACO measure results for the general population in each Health Service Areas. These core measure results are essential to guide coordination and quality initiatives organized by Unified Community Collaborative, as well as a portion of the performance component of the new medical home payment model.

Lawrence - Stats?
 greek. What are they doing to mitigate or migrate?

116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: March 13, 2015

Secretary's Top Issues

Agency of Ag Housekeeping Bill

This week the House Ag committee spent most of its time on the Agency of Ag Housekeeping Bill. The bill includes 6 distinct sections to update statutory language for ag resources management, dairy, weights and measures, and licensing refunds. The bill also includes a consolidation of the Workings Lands Enterprise Fund Board, and the Vermont Ag and Forest Products Development Board. The latter will be repealed on July 1, 2015 and its purpose and duties, as well as 5 board positions will be incorporated into the Working Lands Initiative.

Sc r/t FY1

WCAX public records request

The Food Safety and Consumer Protection Division responded to a public records request received from WCAX pertaining to an ongoing investigation of a VT swine farmer. The Division is exercising its right to provide records within 10 business days of the request due to the complexity of the case and the need for AAG review of the records prior to release.

H-35 Farmer Coalition Meeting, Agency of Ag

Secretary Ross and others met with representatives from many farm organizations from across Vermont. Focused on AAP rewrite; subsurface tile drainage; Current Use Penalty; funding. Group supported AAP rewrite and subsurface tile drainage report; split on Current Use Penalty but with knowledge opposition softened; oppose fertilizer fee but agree Ag should help pay – proposed per acre fee; tax on bulk and bag feed; \$100 charge on every current use parcel; farm permit fee. Made clear that any funding source that spreads the burden out among farm community in a fair way the will be interested in supporting.

Eastern States Exposition, Springfield MA

Secretary Ross traveled to a special meeting of the Executive Committee of the Big E Board to discuss if and how to manage the sale of alcohol products in the state buildings. Big E staff has recommended no sales within the building, has orchestrated votes of Board to oppose sale and worked to terminate Vermont's long standing participation of Long Trail. Sec Ross joined representatives from 5 other New England states at the meeting and led the discussion about the importance to the states of the sale of this product. Chair of the Board Chase call Sec Ross up after the meeting and thanks Sec Ross for his participation and point of view and intimated that the Board was inclined to support the sale of products with alcohol.

VAAFM Employee Recognized at National Level for Significant Contributions to the U.S. Environmental Protection Agency's Pesticide Program

Jeff Comstock, Groundwater Monitoring Coordinator with the ARM Division, was awarded a Bronze Medal by the U.S. EPA for "outstanding contributions to the development of the FY2015-2017 FIFRA Grant Guidance, including the electronic template for workplans and reporting". (FIFRA = Federal Insecticide, Fungicide and Rodenticide Act). The Bronze medal is the third highest honor award given by the EPA.

116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: March 13, 2015

Status of Governor's Priorities:

Legislative Activities and Issues

Agency of Ag Housekeeping Bill: This week the House Ag committee spent most of its time on the Agency of Ag Housekeeping Bill. The bill includes 6 distinct sections to update statutory language for ag resources management, dairy, weights and measures, and licensing refunds. The bill also includes a consolidation of the Workings Lands Enterprise Fund Board, and the Vermont Ag and Forest Products Development Board. The latter will be repealed on July 1, 2015 and its purpose and duties, as well as 5 board positions will be incorporated into the Working Lands Initiative. The bill was to be voted out by mid-day. The Agency of Ag is very pleased with the outcome and is hopeful the full house adopts all sections of the bill as is.

March 10, 2015

House Agriculture- VAAFM Housekeeping Bill

Sec. Ross reviewed the 6 part Housekeeping Bill in House Ag. Rep Partridge plans to work on this all week and vote it out on Friday. Rep Partridge explained to all new committee members that as a rule, the housekeeping bill is 'clean up' for simple statutory change. The meeting was very positive. Issues addressed in the VAAFM housekeeping bill include revisions to statute to clarify Agriculture Resource Management Division and Weights and Measures statute, refunds of license overpayments, change of language in Title 10 from "CREP" to "water quality," and other small "housekeeping" items. There is an additional item about merging the Working Lands Enterprise Board and the Vermont Agriculture and Forest Products Development Board. Rep. Partridge noted that the board merger request is outside the typical inclusion, however the committee is very willing to discuss

Senate Natural Resources

Jim Leland listened to the walkthrough of H.35 version 1.6. This version is as passed out of House Fish and Wildlife and did not contain language from the recently passed House Ag version. The following are points of discussion:

- Small farm definition questions
- Committee suggests adding a purpose section to the small farm certification section
- Senator Bray suggests changing terminology from 'accepted agricultural practices' to 'required agricultural practices'
- The committee wishes to discuss tile drain issues in more detail and check that the dates in the bill are adequate (reports/rulemaking)
- Many questions regarding terminology of BMP, AAP, and the 'enhanced practices' as found in the F&W bill. Not generally favorable of this concept.
- Questions as to why the animal thresholds for ducks in the LFO definition are different between liquid manure and solid manure systems
- Questions as to permit/certification fees
- Questions regarding feed, pesticide, and fertilizer fees. Jim Leland provided explanations. Also clarified the feed tonnage reporting language and why it was there.
- Questions regarding how small farms would be prioritized for inspection (the committee would like this to be part of 3/12/15 agenda).

- Questions as to the relative contributions to water quality problems from small vs medium and large farms.
- This brought them to the new enforcement sections of the bill. Not many questions there but they may start there Wednesday.

March 11, 2015

Senate Economic Development- Economic Development Bill v 6.1

The Agency monitored discussion of Proposed Economic Development Bill- version 6.1 (attached). Discussion of Domestic Export Program. Proposal is to codify program in statute, and include language in session law that directs the Secretary to apply for grant funding to continue the program.

Senate Agriculture S. 49 Funding discussion

Senate Ag took testimony from mayor's around the state on a proposed statewide per parcel fee. Premise is an assessed fee on the municipal property tax bill at \$1/acre fee. Parcels that are 25 acres or less would be assessed a flat \$25 fee per parcel. Parcels greater than 25 acres would be assessed a dollar per acre. It was thought this would result in about 11 million dollars in revenue in addition to a similar fee assessed on ag land and forest land fee between \$0.25 to \$0.40 /acre.

- The mayors (Burlington, Newport, St. Albans City, Barre, and Montpelier) were on board with the per parcel fee proposal. They expressed that this seemed "equitable."
- Generally, they felt it would be ok to collect on the municipal tax bill, however, there was concern that if the fee were not collected from a property owner, that the fee should not be charged to the municipality. The mayors did want to speak with their staff before they would commit to this concept of collection.
- Other concerns were that the money should support clean-up efforts in all watershed, however, understanding focus on Lake Champlain "hot spots."
- The Senate Committee wants to include a 5 year review of the efforts of state agencies and a 6 year sunset on the fee.
- It was also mentioned that this system of fees could also support efforts to address municipal responsibilities of controlling phosphorus from dirt highways, too.

House Judiciary H. 35

- Jim Leland testified on the enforcement provisions of H.35. Leg Council led the committee through a side by side comparison of the existing authority and what would be considered new authority. It was repeatedly pointed out that there is substantial existing authority in law.
- Jim Leland was asked to testify and provided information regarding the existing programs and how these new authorities would be worked into the existing regulatory framework. Specific questions asked were mostly related to nutrient management planning; no real questions addressed to the AAFM about how our enforcement programs work. Rob McDougall testified as to the framework for civil penalty authority being requested in Title 6. A state court administrator then testified questioning the agency's right of entry for small farms, stated that more regulated entities will equal more court cases and they are already overloaded and that the law was unclear as to de novo review or on the record review. Following this, a representative from the environmental division of the state bar association testified that there will be an increase in case-loads as enforcement increases. He also stated that we are in this situation due to a lack of past enforcement and ramping up enforcement will cause burdens in the court system. The committee seems concerned about court resources.
- FYI: The Agency counted 6 cases as having been referred to court since 1998 as part of our enforcement program. We normally resolve cases before courts become involved.

House Fish and Wildlife

- State veterinarian Kristin Haas testified in front of the House Fish and Wildlife committee this week regarding a provision in H.4 that would repeal statutory language in 6 VSA pertaining to fur-bearing animal species (mink and fox) held in captivity in Vermont. The language proposed in H.4 would give full regulatory authority of these species to the Vermont Department of Fish and Wildlife. Haas testified in favor of this amendment on behalf of VAAFM.

House Agriculture

- State Veterinarian Kristin Haas provided language this week to the House Committee on Agriculture pertaining to the VAAFM housekeeping bill. The suggestions further clarify the portion of the bill that references VAAFM's enforcement of violative tissue residues found at slaughter.

March 12, 2015

Senate Agriculture S. 49

The Senate Ag committee discussed S.49 this morning. Commissioner Snyder spent some time providing information regarding forestry, forests and water quality which was followed by a walkthrough of S.49 and changes the committee had requested. Specific changes include:

- Requiring AAP rules changes relative to field stacking sites (not in the floodway, at least 100 feet from surface water)
- Establishing standards for nutrient management in AAPs
- Ditch buffer language
- Flexibility in allowing alternative buffer distances at the discretion of the secretary
- Cover crop standards
- Establishing training requirements for small farm operators by rule
- Defining custom applicators of manure
- Providing for a required 5 year review/audit of the entire water quality program to ensure effectiveness. If found to not be effective sunset fees one year later.
- The committee is strongly in favor of parcel fees to fund these efforts.

March 13, 2015

Senate Natural Resources

- Stephanie Smith listened to Aaron Adler, Leg Council, review the provisions of the Senate Economic Development committee bill addressing Economic Development (not yet numbered) that includes changes to Act 250 land use review. He noted that two sections of the bill: one that changes the ACCD's designation program and another that modify Act 250 jurisdiction were specifically asked for by the Town of Colchester. Another provision would allow for development in industrial parks under pre-existing general "umbrella permits" without Act 250 amendment jurisdiction, and another section creates a new "designation" program called Enterprise Zones that contains Act 250 permit relief, as well. Senate Natural will take up the bill next week.

Senate Natural Resources took up H.35 again

The committee is going through H.35 and comparing this bill to S.49 before they actually start to mark up S.49. At least that's what I think they're doing. They spent most of their time discussing the stormwater sections of the bill. Discussion included:

- Adding a findings section to the bill that would incorporate information from the 303(d) list indicating that water quality problems are state wide.
- Questions regarding the anti-degradation section, high elevation credits and potentially including a directive to update the storm-water manual.
- Substantial discussion regarding combined sewer overflows, WWTFs, and the state revolving fund mostly related to whether or not these should be somehow included in legislation

Later this morning House Judiciary took up H.35 again by hearing testimony from the Farm Bureau. The Farm Bureau objects to the language changes in the Best Management Practices sections of the bill as they believe that these changes will eliminate an appeal right for farmers if required to implement a BMP by the Secretary. The Bureau also objects to the enforcement provisions of the bill stating that enforcement should be put off for small farms and education should be the goal instead. The Bureau also objects to provisions in the bill requiring specific AAP changes. They feel that these should only be done via rulemaking and placing standards in statute reduces the potential for public input.

Agriculture Resource Management Director Jim Leland testified briefly in response to the BMP language changes and the specific AAP questions.

Press

- Sec Ross was interviewed by John Herrick of VT Digger about the meaning and use of AAPs and BMPs. He explained AAPs are regulatory creations of the state and represent the regulatory performance floor, the state has a BMP program that funds the installation of capital equipment and infrastructure on farms and the other use of BMPs is a term of art often used to reference land management practice superior to the status quo but not do not reference a specific practice.
- Members of the Meat Inspection team participated in Press inquiry from VT Digger concerning claims related to VT raised animals.
- The Food Safety and Consumer Protection Division responded to a public records request received from WCAX pertaining to an ongoing investigation of a VT swine farmer. The Division is exercising its right to provide records within 10 business days of the request due to the complexity of the case and the need for AAG review of the records prior to release.

Significant Events/Meetings:

- Animal Health assisted the Department of Motor Vehicles at a detail on I87N in Williston and a roadside detail in Ferrisburg. Staff checked on a livestock dealer from Williamstown that was stopped at the check point. The dealer lacked owner/shipper documents and the AH Specialist discussed Animal Disease Traceability requirements in addition to requiring the dealer to make out an owner/shipper document prior to his departure to McCracken's Livestock in St. Albans. Also at the check point, the AH Specialist discussed import and ADT requirements with several DMV Inspectors who are able to refer cases of illegal livestock movement found at check points when AH staff are not present. This is an excellent collaboration between two state agencies and is also nationally unique.
- State veterinarians participated in a John's disease advisory group meeting to discuss John's vaccination. The meeting was organized due to recent inquiries from farms interested in vaccinating. VT currently has one dairy farm that vaccinates for John's. As the test interfere with tuberculosis testing and can cause granulomas at the site of vaccination, a vaccination agreement must signed by state veterinarian, the producer, and the veterinarian. The agreement also lays out the requirements for vaccination, such as whole herd TB testing prior to vaccine initiation and application of official identification and ear tattoos for all vaccinates. The meeting's purpose was to review and update the requirements and discuss the effectiveness of the vaccine.
- The deadline for applying certain types of livestock identification devices has expired, as per the federal Animal Disease Traceability Rule published in March of 2013. The deadline on applying certain tags as official ID ended March 11, 2015.
 - The ADT Rule for Livestock Moving Interstate:
 - Part 71 General Provisions
 - 71.1 Definitions-Animal identification number (AIN)-only the AIN beginning with the 840 or other prefix representing a U.S. territory will be recognized as official for use on AIN tags applied to animals on or after March 11, 2015.
 - (This means that manufacturer coded 15 digit tags will not be official AIN tags, ex. 900 series; or tags starting with "USA".
 - Official eartags-an identification tag approved by APHIS that bears an official identification number for individual animals. Beginning March 11, 2014, all official eartags manufactured must bear an official eartag shield. Beginning March 11, 2015, all official eartags applied to animals must bear an official eartag shield.
- Assistant State Veterinarian met with Local Foods Administrator and Produce Safety Coordinator to plan for upcoming Produce Safety events and review the proposed standards for the VT Veggie and Berries Growers Association Accreditation Pilot program.

Evolving Issues:

- Animal Health field staff met with a cervid producer in the Fairlee area who is due for his annual physical herd inventory. The amount of snow and ice on the property and around the chute and catch facility will make it difficult to conduct the inventory until spring and a more significant snow melt.
- AH is monitoring the spread of High Path Avian Influenza as it is spreading across the country in the Pacific flyway. The most recent cases have been in MO and MN in commercial poultry.
- AH staff are working with NY AG and Markets regarding a NY livestock dealer who is reportedly out of compliance with NY and VT laws. Staff will inspect records at the local livestock market to monitor this individual's activities.

Summary of Key agency Department Activity

Agricultural Development:

Conservation

Vermont's farmland conservation program has enjoyed over 26 years of public support through the funding of conservation easements on farmland. Three co-holders retain the easement rights, (Vermont Housing and Conservation Board (VHCB), Vermont Agency of Agriculture (VAAFM), and Vermont Land Trust (VLT) or Upper Valley Land Trust (UVLT). Our non-profit co-holders are designated as the primary stewards of easement restrictions and approvals. VLT co-holds 628 and UVLT / 87 farmland conservation easements with VHCB and VAAFM throughout VT. As secondary stewards, VAAFM staff attended the UVLT and VLT annual monitoring meetings; taking this opportunity to review monitoring and stewardship activity from the previous year. Of note: approvals for the construction of farm structures increased, and farm transfers were down compared to the previous year. There were only nine minor and one moderate conservation easement violation within the portfolio of over 700 co-held easements in 2014. Examples of minor violations were brush hogging in a Special Treatment Area and constructing a pond without approval. The moderate violation was tapping trees within a designated Special Treatment Area. Overall VLT and UVLT work very hard to build positive partnerships with conserved landowners.

VAAFM representatives attended the Vermont Housing and Conservation Board Grantees meeting on March 11, 2015. The agency is a recipient of two grants from the Vermont Housing and Conservation Board that total just over \$160,000. These funds support two agency staff members, and some ability to hire consultants as necessary. One staff member facilitates farmland conservation projects, including ongoing stewardship responsibilities associated with co-held farmland conservation easements and process associated with future acquisition of easements, and another who executes the agency's involvement in review of Act 250 criteria 9(B), which addresses impacts to primary agricultural soils. VHCB grantees shared challenges and highlights of the past year, and their appreciation for the support received from VHCB. The theme of the meeting was how to get your message across to an audience through storytelling. We also heard about work being completed by Vermont Department of Forest, Parks and Recreation on the economic benefits of land conservation and the threat of forest fragmentation.

Local Foods

VAAFM hires temporary staff with USDA funds to track local food sales at farmers markets

- VAAFM has a two year commitment with USDA Agricultural Marketing Service (AMS) to hire a position to compile and disseminate local food pricing and volume data from local, regional, and wholesale markets, and make information available nationally. This position will work collaboratively with organizations, such as the VT Farmers Market Association (VTFMA), Northeast Organic Farming Association of Vermont (NOFA-VT), UVM Extension, and the USDA-AMS to collect and report market information for fruit, vegetable, meat, poultry, egg, and dairy products marketed through farmers' markets, food hubs, farm-to-school, and other local market venues.
- VAAFM hired Hailee May, as a full-time temporary Local Foods Tracking Administrative Coordinator, to develop a data collection and reporting framework, communicate with local, regional, and wholesale markets outlets, and collaborate with local stakeholders and USDA-AMS on program development and implementation, weekly market data reporting, and coordinated trainings and site visits to ensure quality and quantity of data collection and reporting.
- Hailee previously worked with the Vermont Department of Fish and Wildlife as a program services clerk and most recently as Personnel Supervisor at Westaff. Hailee is relatively new to working with the farmers' market community but has experience in data collection and an affinity for statistics, so will learn quickly.

Deputy Secretary of Agriculture, Local Foods Administrator, and Senior Agriculture Development Coordinator meet with Vermont farm to school leaders, to discuss the long-term partnership between the VAAFM and FEED (a partnership between NOFA-VT and Shelburne Farms)

- Established in 2000, FEED has been bringing innovative farm to school programming to Vermont, and is highly regarded at the national level. VAAFM works closely with FEED in carrying out farm to school events, facilitating conversations with other farm to school partners, and providing leadership for the state.
- FEED currently oversees the technical assistance provided to Vermont Farm to School Planning grantees.
- VAAFM and Vermont FEED coordinated the statewide farm to school systems mapping and strategic planning process.

- FEED serves as the Northeast (New England and New York) lead for the National Farm to School Network, and Vermont serves as the state lead. This network relationship involves regular conference calls with all northeast regional state leads, with the goals of collaborating on projects, sharing policy news, and resource distribution.

Partners are looking to capture economic impact of Farm to School

- On February 23d, Senior Agriculture Development Coordinator, Ali Zipparo, facilitated a phone meeting with the Farm to School 90-Day Project Working Team on the Relative Economic Value of Farm to School. The team is a working group that formed after an extensive, 6-month systems mapping process that identified 5 major levers for system change. The lever of change they are working on is related to the relative economic value of farm to school in Vermont.
- They are currently engaged in a 90-Day project, which is designed to be short-term/high impact way of kicking off our strategic plan with strong momentum. The 90-day project goal is to develop a list of reasonable research questions and metrics that will measure the economic value of farm to school, and identify how we will execute the research- including a budget and research methods.
- In order to reach that goal, they have a two-pronged approach: First, they will convene focus group made up of a handful of stakeholders who are deeply familiar with the ways to capture the attention of decision makers. Then, using the information the focus group discusses, convene a group of researchers to develop the list of research questions and metrics, as outlined in our goal.
- VAAFM will submit a grant proposal to the Vermont Community Foundation Food and Farm Initiative to continue the work of capturing economic impact indicators associated with Farm to School. The Food and Farm Initiative began in 2012, focused on the intersection of food security and local food, especially as it relates to the key levers of change discovered through a systems mapping process conducted in the summer of 2014. In the last two and a half years, the initiative has funded \$1.1 million for projects throughout the state, including the farm to school systems mapping and strategic planning that has been underway for the last 7 months.

Produce Safety Coordinator participated in a conference call of NASDA's FSMA Technical Working Group to discuss challenges to FSMA implementation:

- The Association of Food and Drug Officials (AFDO) and the National Association of State Departments of Agriculture (NASDA) are preparing to publish preliminary results from a 50 state survey to determine the number of state agencies or departments that currently have regulatory authority over produce. AFDO is developing a FSMA-specific portal for this type of information. Will be publicly available. The survey results will also be posted on NASDA's website. NASDA may host a conference call for states who do not have regulatory authority to discuss this issue.
- NASDA is working with the National Agricultural Statistics Service to determine the number of farms that may be impacted by the FSMA Produce Safety Rule. NASS may undertake some special tabulations and look at crops that are primarily consumed raw to see what information they can provide, at least on a county basis, as to number of farms involved.
- NASDA members see a "potential conflict" as FDA begins to push to know farm locations rather than just numbers. It may seem "underhanded" for FDA to require a registry for farms in the rules without this requirement appearing in proposed rules.

Development of Specialty Crop Block Grants for Vermont produce growers

- Produce Safety Coordinator convened an advisory committee of specialty crop industry stakeholders to revise state goals and funding priorities for the Specialty Crop Block Grant Program in 2015. The SCBGP is funded by the USDA's Agricultural Marketing Service to enhance the competitiveness of U.S.-grown specialty crops and has been described as the "critical grant for the specialty crop industry in Vermont."
- The revised request for proposals will be released on Friday, March 13.

Boston Local Food Trade Show

Senior Market Development Specialist Reg Godin attended the Massachusetts Sustainable Business Network's Boston Local Food Trade Show that was held on Tuesday March 10th. The event featured numerous workshops around marketing, sales and forging buyer relationships. In addition to the workshops there was a trade show featuring local food producers and farmers. A keynote address given by the Commissioner of the Massachusetts Department of Agricultural Resources focused on the growing local food economy and the great work being done in Massachusetts. Vermont

companies in attendance were as follows: Sidehill Fruit Farm, Vermont Bean Crafters, Sugar Bob's Finest, Kimball Brook Farm, Green Mountain Flour, Kingdom Creamery, Spritzal Cookie Co., Vermont Chevron, and Joes Kitchen at Screaming Ridge Farm. Those in attendance were pleased with the show and the opportunity to meet buyers and promote their product.

Big E

On Wednesday March 11th, Secretary Ross along with Communications Director Alison Kosakowski and Senior Market Development Specialist Reg Godin attended the Administrative Committee of the Board of Directors of the Eastern States Exposition meeting to discuss the sale or potential sale of alcohol in the state buildings along the Avenue of the States. The meeting was held at the Brooks Building on the grounds of the Eastern States Exposition and was also attended by the 5 other New England states.

The Administrative Committee was vague on the specifics of their proposed alcohol policy but advised they brought the states together on a fact-finding mission, in order to create an appropriate policy. Secretary Ross conveyed to the Board that the 6 states collectively supported their individual rights to maintain the ability to sell products containing alcohol, regardless of the current status within each building. The Secretary also spoke persuasively on how Eastern States Executive management could either work in partnership with the states or in opposition to the wishes of each state. The Secretary presented a letter from Governor Shumlin outlining the importance of maintaining the ability to be self-directed in selecting vendors for our building.

It should be noted that the legal counsel representing the Commonwealth of Massachusetts made it completely clear to Eastern States Exposition Executive Management that it has no authority to create a policy for sales of any product within the state buildings. State buildings are private property in the commonwealth and governed by the appropriate municipal jurisdiction.

Working Lands

This week, the Working Lands Enterprise Board in cooperation with Yellow Wood Associates, hosted two of four workshops focused on pieces of the forest and wood products sector. The first workshop, which took place at the Vermont Historical Society in Barre, drew 20 people from all different stages of the Furniture and Wood Products value chain. The second workshop, hosted at the Richmond Free Library, drew 18 people from the Construction value chain. Examples of participants include: sawmill operators, small furniture manufacturers, architects, contractors, consulting foresters, lumber yard owners, technical assistance providers, lean manufacturing consultants, funders, and others.

The purpose of these workshops is to begin the conversation within each industry about supporting the entire value chain, create relationships and efficiencies between the various players, and to understand the gaps and opportunities within the sector. Each workshop began with introductions, a discussion of what a value chain is, and an activity in which participants identified where they were on the value chain. The second half of the workshop was dedicated to various breakout topics including: creating products that are affordable to a younger audience, driving the interest in maple, and identifying the "players" along the value chain that support these efforts.

We look forward to the final two workshops, Wood Energy and Enhancing the Value of Vermont's Woodlands, that will take place at the end of this month.

Food Safety and Animal Health and Consumer Protection:

Meat Inspection:

- Dr. McNamara represented the Agency as the SSF11 representative to the SEOC for the VY drill this past week.
- Working with USDA, FSIS Budget office to try to obtain the necessary funding above Vermont's designated funding allocation. Documentation supporting the necessary increases has been sent as requested.
- 1 new Food Safety Specialist has successfully completed probationary period and is being utilized in southern VT
- All Meat Inspection personnel have completed annual Security Awareness IT Training required for accessing the Federal computer systems involved with the cross-utilization program

Animal Health:

- Initiated an FDA tissue residue investigation allegedly involving an Orleans County dairy farmer. The information was provided by FSIS and FDA however the cow in question seemed to have lived her life in Delaware. AH is questioning the involvement of the VT farmer, particularly since that farm has been out of business for at least 10 years.
- Working a livestock dealer who is not recording official identification into their database, making it difficult to conduct traceback exercises.
- Worked with a cervid producer to complete tagging and a herd inventory of the producer's deer – brining the producer into compliance with the VT rules for captive cervids.
- Attended the weekly livestock auction at ACCS and checked for Animal Disease Traceability compliance and completed the market report in partnership with USDA AMS.
- Issued permit to a commercial poultry producer for the movement of 6000 cull laying hens to the live bird market in New York City.
- Issued producer tags to farm in Middletown Springs.
- Completed inspections of livestock dealers in the Addison County area.
- Participated in a conference call regarding High Path Avian Influenza in a turkey farm in Missouri.

Agricultural Resource Management:

Pesticide Program

ARM Employee Recognized at National Level for Significant Contributions to the U.S. Environmental Protection Agency's Pesticide Program

- During the March 2015 Annual Meeting of AAPCO (American Association of Pesticide Control Officials) in Washington, D.C., Jeff Comstock, Groundwater Monitoring Coordinator with the ARM Division, was awarded a Bronze Medal by the U.S. EPA for “outstanding contributions to the development of the FY2015-2017 FIFRA Grant Guidance, including the electronic template for workplans and reporting”. (FIFRA = Federal Insecticide, Fungicide and Rodenticide Act). The Bronze medal is the third highest honor award given by the EPA.
- Jeff received the award along with a dozen or more EPA employees, and four other individuals from State Regulatory Agencies. It is important to note that this was the only project award given during the ceremony that recognized the contributions of individuals outside of the EPA.
- The EPA provides annual grant funding to States to support the implementation of the states' pesticide regulatory programs. To receive this funding, states must develop workplans outlining how they will implement pesticide control activities that address National priorities, while at the same time addressing unique state program priorities. The revised grant guidance facilitates a State's development of their workplan by clarifying what activities must be undertaken to meet EPA's requirements, while giving states the flexibility to incorporate efforts to advance their own pesticide control priorities.
- Jeff has been attending AAPCO meetings throughout his tenure at the Agency (30 years) and has served on the Board of Directors for seven years. He has just completed his term as past-president of AAPCO. Let's all give our congratulations to Jeff for this significant accomplishment and honor!

Public Records Request

Katie Flagg, Staff Reporter with Seven Days, is conducting a review of the Agency's Water Quality Enforcement files for the years 2010 through 2014. She has been in to the Agency twice in the past 2 weeks, and will likely return a few more times. Both Laura DiPietro and Wendy Anderson have spoken with her about the water quality program in general and the enforcement process that the Agency follows.

Enforcement Actions

- A medium farm operation in Ryegate will receive a corrective action letter for violations of the MFO General Permit. The farm does not have conservation practices in place to prevent the runoff of wastes to water. DEC has also conducted a 2012 water quality study on Scotch Burn Brook – primary tributary to Ticklenaked Pond – and determined that the Farm's barnyard is contributing pollutants to the Brook. The CAL outlines short and long term actions the Farm could take to reduce the runoff of wastes from their production area.

- A small farm in Milton will receive a corrective action letter for violations of the AAPs. The landowner is keeping 2 horses on a small lot and is stacking manure on a property line in violation of the 100' stacking setback required by the AAPs. A variance to the stacking setback will not be issued and the landowner will be required to remove the manure on a regular basis.

Administrative Pre-hearings/Hearings

- A pre-hearing was held with a large farm in Richford that received a notice of violation with proposed penalty for violations of the LFO Rules. A final agreement was not reached at the pre-hearing, but an Assurance of Discontinuance has been drafted and will be offered to the Farm to resolve the case.
- A hearing was held with a large farm from Bristol that received a notice of violation with proposed penalty for violations of the LFO Rules. A pre-hearing was held in February, 2014 and an apparent agreement reached, but the farm failed to sign the Assurance of Discontinuance offered to them. As such, the case was still open and needed to go to hearing.

Medium Farm Operation (MFO) and Large Farm Operation (LFO) Programs:

- Staff conducted a manure spreading complaint in Grand Isle County related to a MFO. There was no evidence of manure spreading and the farm stated that they were transferring manure to a remote/satellite manure pit.
- Staff conducted a site visit on a MFO in Franklin County with NRCS to discuss water quality improvements on the farm.
- Staff conducted a regulatory follow-up visit on a MFO in Franklin County to evaluate runoff concerns from the production area during snowmelt. Snow cover inhibited the evaluation.
- Staff are coordinating enforcement efforts, both in house and with the Attorney General's Office, for several ongoing and future enforcement actions on MFOs and LFOs for water quality compliance concerns. Additionally, multiple staff members prepared for and participated in a hearing and a pre-hearing conference related to enforcement actions on two LFOs.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are processing and reviewing LFO annual reports for compliance.
- Staff are reviewing LFO nutrient management plans (NMPs) and will be meeting with NRCS in the near future to discuss the quality of NMPs we have received as part of LFO annual reporting. NRCS certifies the technical service providers (TSPs) that are able to provide NMP services to farms in VT and has the ability to work with TSPs to improve their planning services.
- Staff are continuing to process LFO permit applications and permit amendments. There are several farms that have submitted permit applications for building, expansion and general operation.
- Staff are working on preparing farm data as part of the water quality (WQ) section's efforts in the development of the new WQ database. MFO and LFO data is getting edited and enhanced so that the USAHerds database can be updated and so that other farm based spatial data can be integrated into USAHerds and the WQ database. Testing of the WQ database is proposed to resume the week of March 23.

Conservation Reserve Enhancement Program (CREP):

- Staff provided VACD staff with CREP planning guidance.
- Staff worked through project-specific issues on multiple projects with FSA, VLT, USFWS, VACD, and DEC River management.
- Staff conducted further work/assistance on VTDEC LaRosa Lab QAPP for a milkhouse waste assessment project.
- Staff prepared letters to two CREP participants whose federal FSA CREP contracts have been terminated, requesting a pro-rated refund (credit for years maintained from beginning of contract until termination date) of state incentive payments made to the farms.

Secretary's Comments:

H-35 Farmer Coalition Meeting, Agency of Ag: met with representatives from many farm organizations from across Vermont. Focused on AAP rewrite; subsurface tile drainage; Current Use Penalty; funding. Group supported AAP rewrite and subsurface tile drainage report; split on Current Use Penalty but with knowledge opposition softened; oppose fertilizer fee but agree Ag should help pay – proposed per acre fee; tax on bulk and bag feed; \$100 charge on every current use parcel; farm permit fee. Made clear that any funding source that spreads the burden out among farm community in a fair way the will be interested in supporting.

Eastern States Exposition, Springfield MA: travel to a special meeting of the Executive Committee of the Big E Board to discuss if and how to manage the sale of alcohol products in the state buildings. Big E staff has recommended no sales within the building, has orchestrated votes of Board to oppose sale and worked to terminate Vermont's long standing participation of Long Trail. Vermont has led the opposition to the Management and worked with Chair of Board to address. Sec Ross joined representatives from 5 other New England states at the meeting and led the discussion about the importance to the states of the sale of this product. Chair of the Board Chase call Sec Ross up after the meeting and thanks Sec Ross for his participation and point of view and intimated that the Board was inclined to support the sale of products with alcohol. Given the history around this issue time will tell.

House Ag Committee, House Keeping Bill: Sec Ross and others from VAAFM testified for the need for a House Keeping Bill. Committee has taken up bill and will likely pass the bill with all the ingredients requested including the merger of the Working Lands and Forest Product and Agricultural Development Boards.

Senate Natural Resources, H-35/S-49: Sec Ross and DEC Commissioner Mears provided overview testimony on water quality bill. Their testimony was supplemented by colleagues from both Agencies over the course of the week. The committee expressed interest in the annual costs of the work and interest in targeting the inspection and funding efforts.

Hemp, various stakeholders: Sec Ross worked with AG office and Governor's counsel to establish a position on how to support the ability to do research and developmental work on Hemp as provided through the farm bill. Ross made it clear to Emily Peyton, Doug Lantagne of UVM and Rep Zagar that VAAFM will not import seeds or contract with 3rd party researchers because of staff and budget capacity limits but would support higher education in their efforts to import seed for their duly authorized projects.

1 National Life Drive
Davis 2
Montpelier, VT 05620-3901

Tel: (802) 828-1294
Fax: (802) 828-1250

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

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To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: March 13, 2015
Subject: ANR Weekly Report

Governor Level Issues:

Another Successful RGGI Auction: The March 11 auction was the first auction of 2015. 15,272,670 CO2 allowances were sold at the auction at a clearing price of \$5.41. Allowances sold represent 100% of the CO2 allowances offered for sale by the nine states. Bids for the CO2 allowances ranged from \$2.05 to \$12.50 per allowance. 10 million cost containment reserve (CCR) allowances were also available for sale, although none of the CCR allowances were sold. (The CCR is a fixed additional supply of allowances that are only available for sale if CO2 allowance prices exceed certain price levels - \$6 in 2015, \$8 in 2016, \$10 in 2017, and rising by 2.5 percent each year thereafter to account for inflation). The auction generated more than \$82 million, 638,000 of which will come to Vermont, bringing our total proceeds from RGGI to \$15,139,598. Additional details are available at www.rggi.org/docs/Auctions/27/Auction_27_Market_Monitor_Report.pdf.

F-35A Jets: The Vermont Supreme Court issued a decision on Act 250 jurisdiction over the siting and construction of improvements related to the F-35A fighter jets at the Air National Guard base in Burlington. The Court found that neither amendment nor original Act 250 jurisdiction applied based on the federal purpose and federal preemption principles.

EVERYTHING ELSE:

Legislative Issues/Testimony:

FY16 Fee Bill: Although the Legislature was “off” last week, DEC received many requests from various committees for additional information on the Administration’s water related fee proposals, as well as the broader needs around the Clean Water/TMDL implementation. Commissioner Mears and his team worked with agency partners and 5th Floor staff to prepare a comprehensive memo in response to these requests, which was delivered to legislative committee chairs this Tuesday.

Bristol Landfill: The Bristol Landfill is one of two remaining unlined landfills in Vermont. It currently takes in approximately 350 tons/year of solid waste, with a 1,000 ton annual cap. ANR and Bristol are currently operating under an agreement that the Town will close the landfill at the end of 2016. Closure costs of roughly \$350K are estimated, beyond money in the Town’s existing closure fund. ANR staff met last week with Representatives Sharpe and Baser, staff from Casella Waste, and Bristol Select Board members to discuss an alternate proposal from Sharpe/Casella to lift the 1,000 ton/year cap, increase tonnage to 45,000 tons/year through 2016 and expand the landfill footprint. There are legal, environmental and financial considerations with this plan that we are currently working through. We are also looking at the possibility of using \$100,000 from our DEC Capital Budget to help make it possible for them to successfully bond for the rest.

Sharpe contacted me on this FYI

Senate Committee on Appropriations: This week ANR presented its FY16 Budget to the committee. They were very interested in our experience with LEAN.

Water Quality Bill: Commissioners Snyder and Mears provided testimony again this week before multiple House and Senate committees regarding the water quality bill, including House Judiciary, House Transportation, Senate Agriculture and Senate Natural Resources. However, H.35 is currently assigned to the House Ways & Means Committee, and no testimony or discussions are expected there until next week.

FW Omnibus Bill: The FW Omnibus bill is being voted out of House FW today. We expect to pull the Endangered Species language so that we can work with some of the stakeholders before, hopefully, getting it back into the bill on the Senate side. David Dean is on board with this approach.

Berlin Pond: This bill is dead. The house FW committee did a straw poll and found that most of its members were opposed.

Press Issues/Releases:

Jay Peak settlement: There was some good press about the settlement with Jay Peak and VNRC of VNRC’s appeal of our stormwater permit. It puts us in a great position going forward as we review stormwater issues for their future development and requires putting off the most

challenging piece of their plan (from an environmental perspective) until they have resolved their other water quality issues.

Berlin Pond Bill: VT Digger ran an article on the Berlin Pond bill, pulling excerpts from Commissioner Mears' testimony for quotes: <http://vtdigger.org/2015/03/04/bill-allow-communities-control-access-drinking-water-sources/>.

Watershed Grants Awarded for 2015: Fifteen watershed improvement projects were chosen to receive funding from VT's 2015 Watershed Grant Program, according to an announcement from the Vermont Fish & Wildlife Department. Forty-four applications were received, requesting a total of \$387,744. The 2015 available funding totaled \$100,000 and the size of the individual grants to be awarded ranged from \$3,500 to \$14,000.

Ice Shanties Must Be Removed Before Ice Weakens: VT state law requires that ice fishing shanties must be removed from the ice before the ice becomes unsafe or ice loses its ability to support the shanty out of the water, or before the last Sunday in March (the 29th this year), whichever comes first.

Significant Events/Meetings:

TOSCA Reform in Congress: We are working with Sander's office to brief him on our position related to the TOSCA reform bill submitted this week. I have been involved in the ECOS response and we are preparing a letter to send focused on our concerns about preemption. We are coordinating with the AG's office on this. Justin – feel free to let me know if you want to be kept more closely in the loop on this.

TSCA/toxic
FYI

St. Albans Town Rte. 207 Extension: St. Albans Town is considering extending Route 207 to service potential future retail developments. The extension would impact wetlands and ANR leadership has been in communication with the Town Manager about alternatives and options to move the project forward successfully. The Town has until 2022 to access the VTrans property the extension would travel through. The Town Manager indicated that the Town may wait until a development is proposed before entering the permit process, and she will discuss options with the select board in a month or two. I am working with Emerson to set up a meeting with the select board to discuss this directly – once the election settles out (there was a tie, so a runoff election is required).

Rutland Stormwater MS4 Suit/Settlement Agreement – Third Party Review: A disagreement by the City of Rutland as to the thoroughness and accuracy of the assessment conducted on Moon Brook was the foundation of their 2013 suit challenging DEC's MS4 designation. A third party review report, which resulted from the suit's Settlement Agreement, examined the State's assessment in light of existing data, and new evidence collected jointly between the City and DEC during the fall of 2014. The Report finds that Moon Brook is impaired, and it indicates that DEC accurately characterized stormwater as the primary responsible pollutant. There is media interest in Rutland, and the City will release the report to the press on March 16.

Derby Walmart: A draft operational Stormwater Permit was put on 30-day public notice on March 9.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

Windywood Solar Application Withdrawn (Putney): The developer of a 500kw group net metered solar facility proposed for Poultney withdrew the project's CPG petition Thursday. The attorney for the applicant cited potential flood/river issues discussed with ANR staff among several factors that influenced the decision to withdraw.

Deerfield Wind – Pulled out of ISO Queue? Department of Public Service staff informed OPLA late Wednesday that the Deerfield Wind project may withdraw from the ISO New England grid interconnect process, which may signal the end of that project. Deerfield recently sustained appeals of various permits in the Vermont Supreme Court and appeared close to clearing the final hurdles keeping them from breaking ground. OPLA also understood that Green Mountain Power was seriously exploring a power purchase agreement with the facility. DPS is working to confirm the rumor, in light of this evidence to the contrary.

GMP Brattleboro Facility – Act 250 River Corridor Issues: GMP has a pending ACT 250 application to build a new building in Brattleboro along the West River. A proposed leach field for the new facility was recently permitted by the DEC waste water division; however the DEC rivers program is recommending that the project be redesigned to move the leach field out of the river corridor as it represents a new encroachment in the corridor. The commission instructed GMP and ANR to work out a resolution. ANR leadership will engage GMP at a senior level in the hope of negotiating a positive outcome.

New Applications: During the week of March 9, OPLA received five new Act 250 applications and four new Section 248 applications.

Environmental Conservation (DEC)

Vermont School Bus Replacement Program: Vermont supervisory unions and eligible school districts can access new funding to accelerate the replacement of older, more heavily-polluting school buses. The federal Diesel Emissions Reduction Act, administered by DEC, makes it possible for up to 25% of the replacement costs to be reimbursed.

TDI New England Clean Power Link Electric Transmission Project: Air Quality and Climate Division staff reviewed direct testimony and exhibits to examine potential greenhouse gas (GHG) emissions associated with the proposed TDI transmission project. The intent is to assist ANR OPLA in developing discovery questions to elicit responses that will better

characterize GHG emissions associated with various project components, including the sources of electricity to be transmitted (e.g., hydro and wind vs. fossil fuel generation), as well as life-cycle emissions of the physical TDI project infrastructure (e.g., copper cable, concrete mats, etc.). TDI asserts that the major source of electricity to make use of the project would be Canadian hydropower (Hydro Quebec), which is generally considered to have low GHG emissions with the exception of ongoing methane emissions from the land flooded to create the hydropower reservoir.

The Waterford Welcome Center on I-93 is on a boil water notice after getting a routine total coliform positive and all four repeat samples total coliform positive as well. The system operator is working with DEC to correct the problem.

Debris Plan: Vermont adopted its disaster debris management plan, as Support Annex 6, of the Vermont Emergency Management Plan, and the plan has been sent to FEMA for approval. Vermont has two main weaknesses of note: (1) there are no stand-by debris management contractors under contract, and (2) the list of Temporary Debris Storage and Reduction Sites is not finalized. Staff from DEC, DEMHS, and BGS are exploring options and have begun to take steps to address these shortcomings.

Paint Stewardship- Successful: The Paint Stewardship Program is off to a great start. Launched in May 2014, it resulted in collection of 84,500 gallons of unused paint between May and December of 2014. There are now 72 year-round paint collection sites in Vermont, operated by PaintCare, and a series of one-day collection events scheduled throughout the spring and summer. Collection is free to consumers and the paint is recycled. See ad by PaintCare below.



Fish & Wildlife (FWD)

Atlantic Wind Project: Staff participated along with other agency representatives in a scoping meeting with developer Iberdrola and its consultants regarding the Atlantic Wind Project. This is a 3.3 MW project consisting of 20 to 30 wind turbines located in the towns of Grafton and Windham. After hearing from the developer regarding aspects of the project including its time schedule, agency representatives identified natural resources issues, permit requirements, and assessments that the developer should expect to address. Issues include surface water and

33 MW FYI

wetlands, stormwater, roads and stream crossings, fisheries, forest fragmentation, wildlife (deer, moose, bear, bats, birds, vernal pools and herps, and RTE species). The developer is anticipating 2 years of field assessments (2015-2017), filing with the PSB in the fall of 2016, and project operation beginning by fall 2019. It was pointed out to the developer that this is an ambitious schedule given the broad range of issues that will be reviewed.

Fishing: Several fishing derbies were held throughout the state this past week. The Caspian Derby may have yielded a new state record yellow perch at 2.33 lbs. Fishing pressure is steady to high around the state. Minor violations continue and wardens are documenting ice shanties for the end of the month when they are due to be removed from the ice.

Bear Cub: Warden Carey responded to a complaint of a bear cub under the front porch of a residence in Wallingford. The one year old orphaned cub had attempted to hibernate under the porch, but woke up early and malnourished (weighed 10-15 lbs). He was able to catch the small bear and deliver it to Ben Kilham in Lyme, NH for rehabilitation.

Snowmobile Patrols: Lieutenants Smiley, Gregory and Scribner each led district snowmobile patrols involving most, if not all of their wardens. All patrols resulted in inspections and violations, as well as a great morale booster after the long winter. Numerous hot dogs were reportedly consumed also.

Rulemaking: The FWD shooting range rules have been approved by ICAR, the rule will be filed with the Secretary of State later this week, and the public notice and comment period will commence. The T&E listing rule was scheduled for LCAR review on March 12 and if approved, will be filed with the Secretary of State as soon as possible thereafter. Moose and Turkey rules will be filed with ICAR for the April ICAR meeting.

Forest, Parks and Recreation (FPR)

Fee Adjustments: The rule-making process seeking approval to adjust several park service fees begins this week. The focus of the modest fee changes for 2015 will be adult day admission, a variety of pass options that are based on the adult fee, and some specialized overnight services including some rental cottages and the Stone Hut on Mount Mansfield. Fee increases are necessary to offset growths in operational costs to avoid additional demand on the General Fund.

Ski Lease Administration: Department staff met with Burke Resort this week to discuss proposed development at the ski area and related ski lease issues.

State Lands Licenses: FPR is working with VTel on their proposal for fiber at the summit of Killington Peak. FPR, as well as the Department of Public Safety and Killington Ski Area, is concerned about VTel's proposal to install fiber on utility poles on the summit of Vermont's second-highest peak. The Department will be recommending that VTel bury the fiber in conduit at the summit of Killington Peak (as has been done at other state-owned mountaintop communication sites.)

in monitoring.

Wildland Fire Gear Grant: The annual wildland fire gear grant for rural fire departments has been completed. This grant is administered by the fire program and provides fire departments in towns under 10,000 population with the ability to purchase wildland fire PPE and equipment at a cost of 50%. This year 41 towns participated, ordering \$48,000 worth of PPE and equipment. The equipment will arrive at the Essex district office and be distributed to the fire departments through the Forest Resource Protection fire staff. Protection Forester Dan Dillner and Administrative Assistant Kim Partlow took the lead.

Natural Resources Board (NRB)

F/I

Alchemist Permit Violations: The Board intends to issue a letter encouraging settlement discussions to both the Alchemist (Alchemy Canning, Ltd.) and Jeffery Hachmann (landowner) for material changes made to the Alchemist brewing facility in Waterbury without a permit amendment.

Smuggs: The Board is negotiating a settlement agreement with Smugglers' Notch and ANR regarding the resort's appeal of their Act 250 permit related to snowmaking water withdrawals.

Priority Housing: The Board is working with ACCD how to address development in designated centers of priority housing projects (PHP) on sites with existing Act 250 permits. The legislature in the Senate Economic Development Committee Bill is considering exempting PHPs on sites with existing Act 250 projects, and ACCD is generally supportive of the exemption. However, the NRB has raised process and substantive concerns and is working with ACCD and ANR to develop a consensus approach to these issues.

The NRB held a **hearing on its proposed rules** in Wilmington on Wednesday night. More than 20 people attended, generally opposing changes in the rules that they believe will limit Act 250 jurisdiction and weaken the program.



Privileged and Confidential

MEMORANDUM

To: The Honorable Peter Shumlin, Governor
Sarah London, General Counsel

From: Christopher Recchia, Commissioner

Date: March 13, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

TDI: We will be meeting with ANR to begin discussions of a potential MOU. The dollar amounts we agreed to are set, but there is much to be done to reach any final agreement, and we are taking it slowly. ANR is extremely pleased with the results of the negotiations so far, as is REV and VELCO, and I now DO believe this project would be in Vermont's interest to host. The schedule circulated last month calls for an MOU in approximately the June timeframe.

CT PURA: On March 11 Connecticut Public Utilities Regulatory Authority issued a draft decision stating that there are currently no barriers to the use of Vermont renewable energy credits for compliance with the Connecticut Renewable Portfolio Standard. The draft decision further states that, starting January 1, 2017, there may be issues associated with using Vermont RECs for Connecticut compliance, however, PURA is declining to address this issue at this time, given recent legislative activity on this matter. This decision could not have been better for Vermont's present ratepayer exposure and for advancement of H.40

F-TI

Regional Procurement: On February 25, Connecticut, Massachusetts, and Rhode Island released a draft RFP for procurement of renewable power, with comments due March 27. The RFP is focused primarily on Class I renewables (primarily wind and solar). MA and RI utilities are not purchasing large-scale hydroelectric through the RFP, and CT will only purchase up to 170 MW; the level of hydro that CT is purchasing is unlikely to be sufficient to support construction of a new transmission line to HydroQuebec, and would more likely result in firming up delivery on the existing Phase II line. Significant procurement of Hydro to trigger a transmission line from HQ will require legislation in Massachusetts. We would not expect the actual RFP to be issued before the near end of April. It might come out just before our NE Governor's meeting on the 23rd.

VY: We are meeting to discuss this in advance of our meeting with Entergy, so I'll save most of the details for that discussion. Bottom line – disagreement over expenditure from the NDT are driving current disputes. We've offered to negotiate all outstanding issues only to be rebuffed at the 5 yard line due to Entergy's belief they are at very low risk with the NRC. We are pursuing interventions and hearings with the NRC to advance Vermont's position on these matters, with varying results.

Legislative: H.40 passed the House 121-24. Rep. Branagan amendment passed that requires more study and economic analysis. Three other harmful amendments from Reps Turner and Browning were defeated and Department testified against. Bill is referred to Senate Natural Resources and Chair Bray expects to take it up March 24th after they finish work on water quality legislation.

We were successful in removing a provision from the **Economic Development Bill** that would have required utilities to calculate and bill peak load to C&I customers on a quarterly basis – this would have added cost and complexity without any savings to electric customers.

H.117 – Telecom Bill: The bill was referred to House Appropriations, but we expect it will be voted out without changes. The Bill as amended does limit funding of VTA related positions to one year from the USF. We can live with that for now.

Meetings this Week:

Mar 9 – Chris at Governor's Cabinet meeting

Mar 10 – Chris testifies in Sen Econ Dev on energy pricing section of Econ Dev bill; Chris on Vermont Edition; Chris TDI meeting at TAX; Chris/Darren at Governor's Council on Energy and Environment meeting; Darren testifies in HNRE on H.40 amendments

Mar 11 – Chris meets with Chris Campbell VTA; Darren meeting with Chris Bray

Mar 12 – Chris meets with Senator Mullin re Econ Dev bill; Chris meets with EC Fiber

Mar 13 – Chris testifies on Econ Dev bill in Senate Econ Dev committee; Chris keynote speaker at ISO-NE Consumer Liaison meeting in Stowe; Darren testifies on siting in HNRE

Meetings next Week:

Mar 16 – PSD/VEC/Suncommon meeting; PSD/EVT meeting

Mar 17 – Chris Entergy meeting at 5th Floor

Mar 20 – Chris/Scott Johnstone meeting at VEIC

Media: Darren spoke to VTDigger and Seven Days on passage of H.40, VPR on efficiency budget amendment, and AP, VTDigger, Seven Days and VPR on Connecticut REC decision.

Everything Else:***PERD*****Energy Efficiency Utility Activities**

- Staff drafted a second round of comments to VEIC on its proposal to the DPS for starting the Overall Performance Assessment (“OPA”) and associated schedule. The schedule remains tight, however if VEIC can commit resources to completing the 2014 savings verification early, then it is likely the OPA can be completed by the end of the fiscal year and RUS’s disbursement deadline. Staff meet with BED to discuss the timing of its OPA and decided it will not occur concurrently with VEIC’s. VEIC is expected to file the petition with the Board to start its OPA this week.
- Staff attended NEEP’s REED database review for 2013. Vermont participates as one of the northeastern states and, as of now, there are a total three years of data in the system. Custom reports are available publicly on-line at the REED database website. The effort also produces an annual report. In 2013 Vermont’s cost of energy saved through energy efficiency was the lowest in the region at \$0.035 per kWh. (Other states produced savings at the following cost per kWh: DC \$0.037, NH \$0.039, MA \$0.042, RI \$0.044, CT \$0.049, MD \$0.052.)
- Staff reviewed and provided edits on ACEEE’s “Carrots for Utilities II” paper and the Vermont specific case study on compensation and QPI’s contained within it.

EEU Evaluation

- Community Energy and Efficiency Development (CEED) Fund Evaluation Plan
 - CEED Heat pump program shall be evaluated as part of the larger heat pump evaluation.
- Heat Pumps
 - Heat Pump evaluation kick off meeting took place on March 6.
 - GMP heat pump rental data transferred along with CEED data.
 - Staff preparing another contract for a pilot evaluation to test if it is possible to get workable fossil fuel data from AMI records if you have enough information regarding the building characteristics.

Integrated Resource Plans - Met with GMP and VEIC to discuss potential stipulations with

regard to GMP's IRP. VEIC's requests focused largely on increased coordination between GMP and EEU, and increased stakeholder engagement.

Thermal Energy Finance Pilot – Launched Heat Saver Loan Phase II. The credit unions are already receiving calls and have loans moving through their channels. A full set of eligible technologies and corollary installers/contractors (i.e., central wood pellet heating systems, cold climate heat pumps, domestic solar hot water, high efficiency oil & propane furnaces, and residential home energy auditing and weatherization) are now prepared to market and implement projects leading towards increased energy efficiency under this pilot program.

press?

Clean Energy Development Fund

- The CEDF Fund Manager was notified that he was appointed to the Solar Rating and Certificate Corporation (SRCC) Renewable Energy Membership Advisory Council (REMAC) governing committee. This is a newly created committee of the International Code Council (ICC) as a result of the ICC acquiring the SRCC late last year.
- Participated in the kick-off meeting of a VEIC led Sun-shot grant project that will look at what it would take to get 20% of VT's energy from PV (~1 gigawatt of PV)
- Started a grant agreement with GMP that will be federal pass-through funds for an interconnection of DG project GMP is working on.
- Held a negotiation meeting with the key team members of the Windham County SEON team regarding the grant terms and scope of work for the Advanced Wood Heating Program to them.

Renewable Energy Items

- Interesting
- Attended interagency energy meeting at AAFM. VHCB came to discuss what they're seeing in terms of solar development on conserved lands (at least one project proposed per week and rising quickly). They're working on preparing a list of expectations for projects and leases. In some instances (such as with Suncommon), they're seeing term leases proposed, and are wondering if there are similar agreements in other states. Also, ANR is working on preparing standard conditions for 150-500 kW PV projects so they don't have to review each one.
 - Spoke with Vermont Council on World Affairs deputy director about potential site visits to renewable energy projects for international visitors in June, following up on a conversation from the VCRD climate economy summit. Connecting them with Stafford Hill storage, Georgia Mtn. Community Wind, the VTC digester, and a manure digester.
 - Attended Act 99 rate design and general process working groups. The general processes group focused on treatment of multiple net metering projects with shared infrastructure, and transfer and abandonment of CPGs (as discrete issues that would be easiest to discuss initially and in isolation).

EIP/RESET

- Corresponded with DEC to understand how the renewable share of total energy was calculated in FACETS model results. DPS' recreation does not precisely correspond to the DEC report and DEC was not able to explain the discrepancy.

Net Metering

- Participated in three net metering workshops with regard to rate design, interconnection, and general process issues.
 - The rate design working group brainstormed a list of pros and cons with the current structure, and set up a structure where different rate structures will be discussed throughout the upcoming workshops.
 - The general process working group focused on issues surrounding transfer and abandonment of CPGs, with significant consensus developing on these two discrete issues.
 - The interconnection working group made a recommendation to hold its process in the context of the Rule 5.500 interconnection proceeding working group.

Net Metering Activity 2/28/15 –32/6/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	18	3	1	9
kWAC	118.32	2089.20	500.00	57
Ave Size kW	6.573	696.40	500	6.333

Cumulative Capacity of ALL Formal Notices Submitted**

Year Total to Date		Total Since 1999	
2014 kW	2015 kW	1999 – 2015 kW	% of 15% Cap
2,552.56	9,905.26	85,663	~ 57.1

****Note: These totals include systems of all sizes, and include those systems for which 45 day notices have been filed as well as those for which formal permit applications have been filed.**

Standard Offer

- Participated in board workshop examining issues they had with the December filing of the farm methane working group. Main statutory uncertainties were 1) whether enacting a dual price cap for smaller and larger digester sizes would qualify as encouraging the most cost-efficient development, and 2) whether the price cap must account for income from forecasted REC prices (working group proposal recommended an option for farms on this point). The opinion of the working group is that nearly all farms that could support a larger digester (300k) either have one or are not interested for technical reasons. Thus continued development will likely only take place on smaller farms.

- Provided clarification to the PSB Staff on solar and wind price cap recommendations of the Department (made last November) and interpreted associated spreadsheets for the PSB staff.

ISO-NE

- Provided edits to draft comments of NESCOE on the ISO-NE Draft Solar PV Forecast as part of the Distributed Generation Forecast Working Group. ISO-NE discounted program expected PV more heavily than the 2014 forecast, despite its recent commissioned report that shows program supported PV economics remaining strong for at least the next 10 years. Staff also met with VPPSA, VELCO, and GMP to discuss Vermont specific comments on the same subject. ISO-NE's proposed discounting (for claimed uncertainty) of expected PV limits the societal benefits achieved by renewable energy.

Vermont Gas Systems

- Staff provided recommendations to legal on the scope of second remand proceeding. Staff suggests a broader scope that includes anything that affects 248 (b)(4) (economic impact) or greenhouse gas emissions.

Heating Fuel

- Since last reporting Crude Oil prices rose slightly from last week now at \$49.58 v. \$49.23. The natural gas market also rose to \$2.841 v. \$2.713 a week ago.
- The weekly fuel survey indicates that locally Vermont fuel prices have risen slightly reflecting the increase in futures pricing.

Grants

- Progressed on grant agreements to NeighborWorks and VEIC (\$200K each) for interest rate buy-down programs for residential energy efficiency projects.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Systems maintenance and testing (most notably monthly testing of the "B" Emergency Diesel Generator) to support Spent Fuel Pool integrity continued during the reporting period. No notifications were received during this time regarding any issue that would adversely impact Spent Fuel Pool integrity. Over the weekend, the power supply for VY systems was switched from the main (345 kV) transformers to the start-up transformers, which will be used long-term for supplying on-site power. The main transformers' physical connections to the plant and the power grid will be dismantled, and the transformers will be drained of their cooling oil for long-term storage (or possible relocation if they are sold to another power station). The last 3 groundwater well samples (from wells GZ-4, GZ-14 and GZ-14D) for quarterly surveillance were completed on 3/4. Demolition of now non-essential structures at the VY site continues. The Power Uprate Building, which consisted of four connected trailers, was removed from site on

Thursday. Two underground tanks from the former on-site vehicle diesel fueling station were removed from site over the weekend. Debris clearing from the former Tan Utility (Office) Building was completed on Tuesday (3/10). Demolition of the South Warehouse also began on Tuesday.

NRC Commissioners Vote to Approve VY Emergency Planning Zone Exemption Request

On March 4, the State Nuclear Engineer was notified that the NRC Commissioners voted to approve the VY Emergency Planning Zone Licensing Exemption request included in NRC document SECY-14-0125. (The vote was 3-1 with Commissioner Baran providing a dissenting vote on part of the request.) The Commissioner's vote on this exemption request does not equate to the final issuance / approval of the Exemptions, which are not granted until after the NRC issues a safety evaluation report (SER) on SECY-14-0125 and the document with its SER is published in the Federal Register. (However, it is unlikely that the NRC staff will implement anything contrary to the Commission's vote.) A SER typically summarizes the evaluations that were conducted to reach the conclusion determined for the request. An SER can have conditions imposed on it (e.g. conclusion is acceptable only if a specific safety system is functional, etc.). There are typically no public comment or request for hearing / intervention petition periods for Exemption requests. The State Nuclear Engineer is consulting with the NRC Region 1 office to identify steps that can be used to voice concerns regarding the exemptions.

State Nuclear Engineer Participates in NRC Inspection of Spent Fuel Pool Cooling System

On Tuesday (3/10), the State Nuclear Engineer participated in NRC Resident Inspector Sarah Rich's initial inspection of the spent fuel pool cooling system. Participation in the inspection required entry into a high radiation area that was typically not accessible while the plant was generating power. The inspection visually examined the system's components for signs of degradation, correct default valve positioning, and consistency with current plant drawings for the system. While three very minor issues were identified (which will be addressed through VY's Corrective Action Program), the initial results from the inspection indicate that the system is correctly configured and well-maintained to support multi-year spent fuel storage in the spent fuel pool.

PSD Engineering Staff Participate in VY Hostile Action Drill on March 11

VY conducting a Hostile Action Emergency Drill in preparation for the required, FEMA-graded Hostile Action Exercise to be conducted on May 13. The March 11 drill featured "full state participation" in accordance with Vermont's Radiological Emergency Response Plan. Engineering staffed VY's Emergency Operations Facility (EOF) in Brattleboro and the State Emergency Operations Center in Waterbury. In general, the drill went well, but some areas for improvement were identified. Further analysis of the drill will be provided in next week's report.

Vermont Gas Systems Isolated Distribution Network in Middlebury

VGS informed the Department Gas Engineer of near-term plans to utilize distribution facilities in Middlebury. Due to delays in construction of the ANGP project, Middlebury is isolated from the pipeline networks currently operated by VGS. As part of the ANGP project, a gate station

on the north side of Middlebury was constructed to receive gas for the area from the future transmission pipeline. A distribution main between the Middlebury gate station and Middlebury College is currently being constructed and may be completed during May. Agri-Mark, located on the north side of Middlebury (near the VGS gate station), recently installed and is utilizing equipment to receive compressed natural gas (CNG) by truck during the period before direct pipeline gas becomes available. VGS has made an arrangement with Agri-Mark to supply the Middlebury gas main from the CNG facilities at Arig-Mark. VGS plans to supply Vermont Hard Cider (also located near the gate station) and Middlebury College, via this gas main from the Agri-Mark CNG source, as interruptible customers (gas will be intermittently supplied to these customers, following Agri-Mark's priority).

Div. of Fire Safety Coordination

The PSD Gas Engineer will meet with the Div. of Fire Safety Hazmat Chief later this week regarding compressed natural gas (CNG) facility safety. VGS has petitioned the PSB in Docket 8427 for a CPG to construct transmission facilities to supply natural gas to a CNG facility in Swanton, which was granted a CPG in Docket 8303; construction of the project(s) are expected in the near future. Conditions in the Docket 8303 CPG, referenced in a Memorandum of Understanding, state the project requires approval by the Div. of Fire Safety in collaboration with the Department of Public Service.

State DOE Distributed Generation Grant

The working group held its first conference call to get a status report. The Department is in the process of writing a contract with GMP for their portion of the project. GMP is looking at hiring three interns to assist them. One of the main functions that GMP is working on is a mapping system in cooperation with Cooper Power software group (formerly CYME software). The group will also be working with the interconnection group working on the PSB Net Metering pursuant to Act 99. The group is awaiting legislative approvals for the grant project before much more work can be started.

Regional Policy

Connecticut PURA and Vermont SPEED

- On March 11 Connecticut Public Utilities Regulatory Authority issued a draft decision stating that there are currently no barriers to the use of Vermont renewable energy credits for compliance with the Connecticut Renewable Portfolio Standard. The draft decision further states that, starting January 1, 2017, there may be issues associated with using Vermont RECs for Connecticut compliance, however, PURA is declining to address this issue at this time, given recent legislative activity on this matter.
- The deadline for comments on the draft decision is March 18, with a potential for oral argument on March 20, and a final decision expected March 26. Given that the PURA decision is consistent with the Vermont DPS filings, it is unlikely that DPS will request oral argument.

Demand Response and Forward Capacity Market

- VGS
- On March 5, ISO-NE announced that they will be issuing a paper in April that is intended to start a discussion on the future of demand response in the capacity market. Currently the Supreme Court is deciding whether to take an appeal of the D.C. Circuit decision that FERC does not have the authority over demand response in capacity markets. The New England Power Generators Association also filed a petition at FERC late last year asking FERC to remove demand response from the capacity market.
 - Given that D.C. Circuit decision has potential implications for the participation of energy efficiency and distributed generation in the capacity markets, ISO-NE has suggested that these resources should be part of the discussion as to how resources that reduce load should be treated in the capacity markets.

NERC Planning Requirements

- VGS
- ISO-NE informed states of a proposed NERC reliability standard that would create a numerical standard for the amount of reserves that ISO-NE is required to carry at any given time. ISO-NE stated that the NERC proposal is overly conservative as it does not account for system conditions and will likely impose significant additional costs for minimal benefit. NERC does not typically take into account cost in developing its reliability standards and is not doing so here.
 - This proposal is relatively early in the process. NERC members will vote on the proposal on March 13. If the vote passes, the NERC board will then consider proposing at its meeting in late spring. The proposal must then go to FERC for notice and comment.

Finance and Economics

Electric

Burlington Electric Department (BED) - Tariff 8557 Proposed Electric Vehicle Charging Station Rate; BED proposes a tariff to charge users of EV charging stations. The tariff is a temporary tariff until BED completes its rate design study later this year. The tariff includes an energy charge, applicable taxes, and an overtime parking fee, which recovers the variable costs of operation plus a contribution to BED's fixed costs. BED estimates EV charging station revenues of \$5,800 for 2015. We have had several meetings with BED during the development of the tariff and have forwarded an affirmative recommendation to Legal. A PSD recommendation is due March 16, 2015.

GMP: GMP filed its Q1 2015 Power Adjustor on January 30, 2015 proposing an adjustment of about \$700k for an over collection of power related costs. The proposed Power Adjustor calls for a rate adjustment decrease of \$0.0079 per kWh in accordance with the New Alt Reg Plan approved in Docket 8191. Staff is reviewing the filing and has sent documentation requests. GMP provided the information on February 25; Staff reviewed, and is noting the types of expenses included in the power adjustor for further discussion and preparation of a recommendation.

Public Service Board: The PSB issued a request for comments regarding 'untariffed services' that are being offered by BED, GMP, Morrisville, WEC and VGS. Our comments were originally

due on February 27, however, we have asked for an extension to March 20 to file our comments. This week we reviewed the services being offered without tariffs and met to begin to formalize our comments.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its updated/new rate designs that include updated cost allocations, consolidation of customer rate classes and new optional Time of Use and Critical Peak Pricing rates. This rate redesign is the first in Vermont to use load data generated by AMI (Smart Meters). Finance & Economics reviewed the rate design and the detailed electronic spreadsheets supporting the cost allocations and no concerns or issues have been identified. The Department recommendation is due March 16, 2015.

Swanton: PSB Docket 8398-Rate Design Filing – This is Swanton’s rate class cost of service and rate design filing. At the prehearing conference, the Hearing Officer asked the parties to address several questions; responses are due March 6, 2015; and rolling discovery begins March 16, 2015.

VEC 90 Day Notice – Rule 5.202: VEC has advised the Board of its intention to execute a PPA with Coronal Municipal Energy Services (CMES) for 2.5 MW of solar capacity, energy and renewable attributes for a term of 28 years. VEC had applied for a CPG to develop the projects, but will assign those CPG’s to CMES who will construct, own, and maintain the project after commissioning. VEC will offer shares of the output to a community net metering program and VEC’s renewable power supply portfolio. We plan to file an acknowledgment of the filing including any potential issues within the next 30 days.

Natural Gas

VGS - TF 8558 – Vermont Gas Systems – Purchase Gas Adjustment (PGA) Filing

VGS filed its second quarter Purchase Gas Adjustment (PGA) for a 1.4 percent decrease to the natural gas charge which results in an overall .7 percent decrease in firm rates to be effective with bills rendered on and after May 6, 2015. The tariff adjusts for an over collection of gas revenues of \$852,568. The rate was largely the result of higher TCPL tolls which were offset by lower wholesale gas costs. Finance & Economics is scheduled to forward a recommendation to Legal on March 25, 2015.

VGS: Interruptible Tariffs including its Lock Price Program - Staff continues working with VGS on redesigning its interruptible tariffs with an objective to streamline and reduce the current 200 page tariff to something more manageable.

VGS—System Expansion Reliability Fund (SERF)- Department staff is working with VGS on the efficient use of rate payer provided expansion funding. The parties are working jointly to build a ‘model’ that will delineate the least cost rate payer impact of various options. PA is assessing the probability of a successful outcome regarding a possible IRS private letter ruling. We are continuing work on the model.

VGS: LNG Plan – VGS is short capacity for the 2015-16 heating season and plans to use LNG to augment its capacity shortfall until the Phase VI looping project is completed (anticipated to be completed in time for the 2016-17 heating season). VGS plans to file a 248 petition to effectuate the LNG Plan. Finance & Economics is reviewing the economic/financial aspects of the Plan to assure a least cost solution for gas customers.

Vermont Gas – Customer or Meter Counts - Staff received an inquiry from CAPI for the customer counts for Vermont Gas for years ended 2012 2013 and 2014. After contact with Vermont Gas, Staff received from, and instructions were provided by, Vermont Gas on where to locate within their financials the customer count. After locating and providing the information to CAPI, Staff prepared an instructional pdf for public access.

Telecom and Cable

LCR Telecommunications - Board Inquiry - The Board asked the Department to confirm the compliance of LCR Telecommunications, LLC, Nationwide Long Distance, Inc., Business Network Long Distance, Inc., Integrated Services, Inc., Communications Network Billing, Inc., Multiline Long Distance, Inc., Network Service Billing, Inc., Residential Long Distance, Inc., National Access Long Distance, Inc.,

Stowe Cable: Docket No. 8428 - Joint Petition of Stowe Cable Holdings, LLC, Stowe Cable Systems, LLC, Stowe Cablevision, Inc., and Jeffersonville Cable Television Corporation for approval of the transfer of assets, issuance of Certificate of Public Good, and related transactions concerning cable television systems service Stowe and Jeffersonville, Vermont. Staff is reviewing the filing. Discovery was served on petitioner on March 6, 2015.

Public Advocacy

Addison Expansion—Docket 7970—On March 9, parties filed comments responsive to the Board's March 2 Procedural Order. Parties commented on the scope of the remand and the schedule proposed by the Board. A status conference is scheduled for March 18.

Work continues with the landowner group and VGS concerning right of way issues. We are working with a lawyer who has pipeline expertise to draft easement provisions which are protective of landowners. Draft easement provisions were submitted by the pipeline lawyer on March 6, per the schedule. The landowner group did not provide any documents or requests to the lawyer in advance of his draft (which was contemplated by the Scope of Work), but have forwarded some this week. When the landowner documents were provided, they were provided with the condition that their release as public records was prohibited. When the Department advised that we could not assume such an obligation, the landowners (through Melanie Peyser) reacted negatively and referred to possible legal action. This remains unresolved. We continue to process landowners' requests for payment/reimbursement.

Addison Expansion Phase 2—Docket 8180- There is no schedule in this docket at this time. Motions for dismissal without prejudice (by VGS) and for sanctions and payment of costs and attorneys' fees (by intervenors) are still pending.

VGS Alternative Regulation – No Docket – The Department filed a letter supporting a one-year extension of Vermont Gas’s alternative regulation plan, provided that no Phase I capital costs be put into 2016 base rates.

GMP IRP – Docket 8397 – The PSB granted VEIC’s motion to intervene. The PSD, GMP and VEIC resolved all outstanding issues and intend to file an MOU with the PSB.

VEPPI / VEC Wheeling Dispute – No Docket – A dispute has arisen as to the manner in which VEC is charging VEPPI for wheeling services provided for standard offer resources. The issue is pending in an informal manner at present, outside of a docket. A number of comments were filed by interested stakeholders on or before the February 27. On March 6, GMP, BED and VPPSA filed a list of questions for VEC and VEC filed a detailed explanation of its position. The matter currently sits with the Board.

VY EPZ Proceeding – NRC 50-271-LA-2 – The NRC Staff and Entergy filed answers opposing the State’s petition. The Department, on behalf of the State, will make two filings in response. First, the State will file a motion to the NRC Commissioners for reconsideration of the NRC approval of Entergy’s exemption requests, arguing that federal law requires that the exemption and the license amendment request be considered together, and that the commission failed to provide an opportunity for public comment on the exemption request as required by NEPA. The petition for reconsideration is due March 12. Second, the State will file a response to the NRC Staff and Entergy answers, and seek a stay of the license amendment proceeding pending the NRC Commissioner’s reconsideration of the exemption request approval. The response is due March 13.

FairPoint Service Quality Investigation – Docket 8390 – The Department is finalizing its initial prefiled testimony to the Board. The Board granted a two day extension of time to submit the testimony, which will now be filed on March 13. Significant portions of the testimony will reference allegedly confidential material. The testimony will therefore be filed under seal pursuant to the terms of the protective agreement between FairPoint and the Department. A redacted version will be made available to the public. More of the testimony may become public after the Board rules on confidentiality issues.

ugh

GMP Innovative Pilots – No Docket – On February 20, GMP provided 15-day notice of two innovative pilot programs, pursuant to its alternative regulation plan. One pilot involves the distribution of a DG connection device that installs directly to the electric meter socket, and the other pilot is a heat pump lease program. Two additional pilots were filed on February 27—an eHome pilot and a heat pump water heater pilot. The Department is reviewing the filings and assessing how to process such innovative pilot notifications going forward. The Department has drafted a letter setting forth comments and concerns regarding the Pilots and plans to file it March 12 (having already discussed it in broad terms with GMP). GMP filed a fifth Pilot related to EV charging stations. The Department expressed a concern to GMP that this service should be tarified, consistent with other utilities’ EV charging station tariffs. The Department understands that GMP will file a tariff for this program.

New England Clean Power Link Project – Docket 8400 – Motions to intervene were received from GMP and BED. In separate letters to the PSB, the petitioner and PSD did not object to the motions to intervene filed by the Town of Rutland, Green Mountain Power, Burlington Electric Department and the Farris, as long as the interventions are granted on a permissive basis and limited to identified issues. In furtherance of our 30 V.S.A § 218c(7) obligations, the PSD met with the Alburgh Selectboard on 3/10/15. PSD explained the participation options open to the Town, given that they had elected not to intervene in the proceeding, and offered a variety of means whereby the Town could obtain up to date information on the status of the Section 248 process. The Clarendon select board has waived meeting with the PSD. The first round of discovery requests is due to be served by PSD on the petitioner by March 16th.

Swanton Rate Design – Docket No. 8389 – A public hearing was held on March 10. One member of the public attended in error (he thought it was for water/sewer rates).

Vermont Gas-Plouffe condemnation-Docket 7819- We are now in the compensation phase in this docket of first impression which involves an existing pipeline for which no recorded easement exists. The Board found necessity in the first phase of the docket. In response to scoping memos filed in December by VGS, the Plouffes and the Department, the Hearing Officer issued a Procedural Order on March 9. None of the parties agreed in their analyses of the statutory requirements and the Hearing Officer agreed with the reasoning of the Department with respect to the operation of the second presumption contained in the statute. The Plouffes now bear the burden of proving that the diminution in value of the affected property was not reflected in the terms of their acquisition of the property. The Hearing Officer has requested that a proposed schedule be submitted by the parties by March 20.

AARP Low Income Electric Assistance—Docket 7535— GMP is required by Board order to report on the status of the Electric Assistance Program at the end of its second year of operations, which was December 2014. GMP notified the Board on January 26 that, in order to provide a comprehensive report to the Board, it needed information from DCF that would not be available until sometime in February. Therefore, with the support of the Department, GMP advised the Board of its plans to file the report on March 31. On March 2, the Board granted GMP's request to file on March 31, ordered GMP to file on March 31 of each year going forward, and ordered GMP to include comparative historical data from previous years in the status reports going forward.

Vermont Gas NOPVs—no docket—The Public Advocacy division continues to work with the Gas Engineer to draft NOPVs of various aspects of pipeline safety. A warning letter regarding the welding program was previously sent and has been responded to by VGS; Engineering is reviewing. A second letter regarding control room deficiencies is in the final drafting stages.

GMP Upgrade to Woodstock Substation Project – Docket 8030 – The PSB ordered GMP to conduct additional sound monitoring at the substation's eastern fence-line and to report the results within 60 days.

Woodstock Aqueduct Company – Tariff 8556 – The public comment period ended with six customers complaining that the rate increase (20%) is too expensive. The PSD is planning to recommend that the PSB open an investigation and hold a public hearing. The PSD recommendation is due by March 16th.

Crystal Springs Water Company – No Docket – This water system has been problematic for years on a number of management issues. It is currently operating without an ANR permit, and (we believe) in violation of a PSB Order requiring them to have an unrelated business manager (i.e. not a relative of the Hedges). Negotiations had been underway to transfer the system to a fire district, but they did not bear fruit. On March 10 PSD, pursuant to 30 V.S.A. § 206, sent a letter requesting information on regulatory compliance issues. PSD anticipates that this will become a docket and that we may seek revocation of the Company's CPG.

NEP d/b/a National Grid – Docket 8444 – The petitioner is seeking to remove and replace 34.5 kV lines in Waterford and Barnet, VT. The PSB noticed the prehearing for March 17th. PSD is consulting with ANR regarding the schedule.

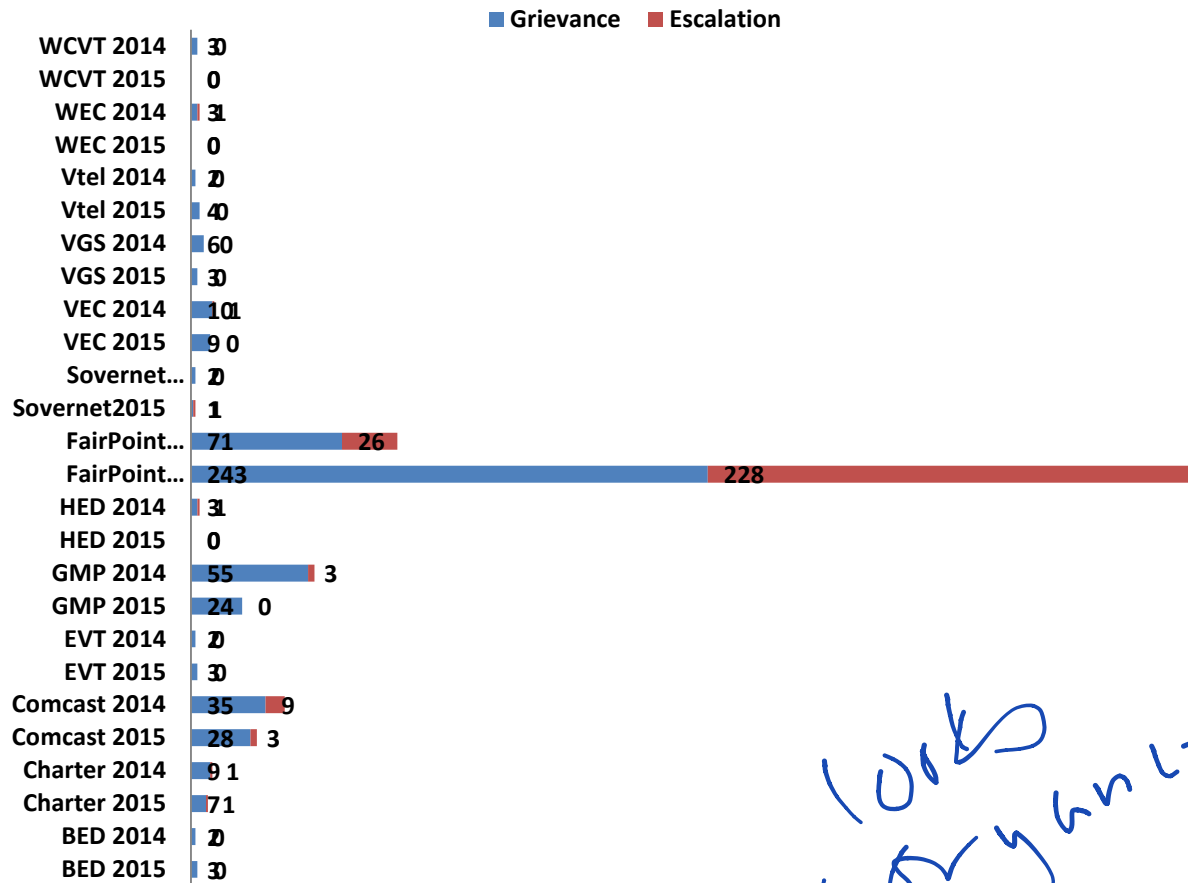
GMP White River Junction Substation Project – Docket 8322 – The PSB approved the proposed project and issued a CPG, with expected conditions.

Act 99 Net Metering Workshop - No docket – Initial meetings were held on 3/5/15 for of all three working groups: Rate Structure, General Process (which includes application process and Board procedures to review the projects), and Interconnection issues. Each of these working groups will meet biweekly through May.

Natural Gas EEU – Docket 7676 – The Board's Hearing Officer issued a Proposal for Decision (PFD) in this matter on 3/6/15. The PFD recommends adoption of the governing documents of an EEU: the Order of Appointment document and the Process and Administration document, which would align the operations of the Natural Gas EEU very closely to existing EEU procedures. The Department had recommended that energy efficiency funds for the Natural Gas EEU be segregated, but retained by VGS and did not support the deposit of such funds into the Electric Energy Efficiency Fund or disbursement through the Fiscal Agent process. The Board disagreed. The PFD also recommended that the transition plan be developed within Docket 7676, which is a contested docket. The Department had proposed that the transition plan be developed in an uncontested proceeding. PA is reviewing options and positions. Comments on the PFD are due March 20, 2015.

CAP

Number of Complaints Investigated, by Company YTD 2014 and 2015



looks organized

CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- (47) VGS pipeline expansion costs charged to customers and general opposition to Phase I
- (17) FairPoint Communications: 2 consumers called to advise that they were without landline, internet, or both, for more than 24 hours; 6 billing or credit for time without service.

Telecommunications

FCC Open Internet Order – On Thursday, the FCC released the Report, Order, and Declaratory Ruling in the Matter of Protecting and Promoting the Open Internet, which the Commission voted to approve by a vote of 3/2 on February 26. The Order imposes new rules on Broadband service providers that are aimed at protecting consumers against throttling, commercial (i.e. paid) prioritization of Internet traffic, and blocking of lawful content. The rules also impose reporting requirements on broadband providers. To accomplish these goals, the FCC voted to reclassify broadband as a “telecommunications service,” which subjects broadband Internet

access service to greater regulation under Title II of the Communications Act. Notwithstanding the reclassification of broadband, the Commission invoked its forbearance authority, which exempted broadband from many of the provisions of title II.

Many people have asked the Department to describe how the new rules will affect Vermont. The Order reaffirms the position that Internet Access service is an interstate service, which has the effect of preempting any state regulation that conflicts with federal regulation. The Order also preempts the state's ability to assess universal service charges on broadband access services, at least until the FCC rules on whether to assess a national universal service fee on broadband services. Staff will continue to study the order and analyze its impact on Vermont.

Comcast Line Extension Inquiry – PSD staff is informally investigating a Comcast proposed line extension for a Waterbury consumer. In addition to the cost of extending the service from the current end of the line, Comcast has proposed to charge a consumer for the installation of network components within the existing Comcast.

Connectivity RFP – The Responses to the Connectivity RFP are due March 18. Staff responded to provider questions last week. This week staff posted an updated RFP, which reflects amendments in line with the Department's answers to the provider's questions. Two service providers sent the Department lists of eligible locations they contest as already served. The Department published this list of locations on its website.

Stowe Cable CPG Petition — DPS served discovery on the Petitioners on Friday, March 6. Responses to discovery from the Petitioners are due on Friday, March 13, and DPS testimony is due Friday, March 20. DPS witnesses are in the process of preparing pre-filed testimony. DPS staff also attended public meetings for the docket in Stowe and Cambridge on March 11 and 12, respectively. Approximately ten people, including Representative Scheuermann, attended the meeting in Stowe. There were no attendees for the meeting in Cambridge. At the beginning of March, the Department, with assistance from Stowe cable plant manager, mailed surveys to existing customers. The Department has received nearly 200 surveys. The results are positive overall and is another indication that there will be few, if any, issues that will need to be resolved before the Board grants approval for the sale.

VTA Transition — DPS staff met with VTA staff to discuss revisions to the RFP for fiber asset management. DPS is in the process of determining which tasks relating to the fiber management can be completed by DPS staff after the transition. The revised RFP may be limited or note that DPS will ultimately be responsible for completing some of the work delineated in the RFP. DPS staff also met with the VTA's executive director to receive a briefing on the VTA's finances.

Duncan Cable CPG Renewal — DPS staff filed a proposed docket schedule with the Board for the CPG renewal proceedings. The proposed docket schedule sets a deadline of March 27, 2015 for Duncan Cable to submit a CPG renewal petition.

Wireless Telecommunications Facilities (248a) Petitions — DPS submitted recommendation letters to the Board in response to the following application:

1. VTel limited size and scope application to construct a 90' tower in Greensboro;
2. VELCO application for de minimis modification to a 190' tower in Corinth;
3. VTel limited size and scope application to construct a 90' tower in Glover.

DPS also received a notice from AT&T that it intended to conduct a drive test to determine coverage propagation for a proposed tower in Brookfield, which is being contested by the Brookfield Planning Commission ("BPC"). The BPC filed a letter with the Board objecting to the drive test. DPS also submitted a letter to the Board noting that DPS had no legal objection to the drive test being completed, but requested that AT&T provide at least 10 day notice prior to completing the test. AT&T has agreed to provide a 10 day waiting period before completing the drive test. DPS is in the process of retaining an aesthetics expert to review a proposed limited size and scope VTel tower in Fayston. DPS employees have notified VTel that DPS intends to retain experts to review the project. The project is opposed by Fayston and adjoining landowners. The 45 day notice period has already concluded, but VTel has not yet filed a full application.

DPS staff were contacted by the Central Vermont Regional Planning Commission about concerns over a proposed VTel tower in Cabot. Selectboard and Planning Commission members from Cabot have expressed concerns over the project to CVRPC. DPS staff have attempted to contact relevant officials from Cabot to determine whether they would like DPS staff to attend a public meeting on the proposed project. The 45 day notice period was filed on February 12, 2015.

Energy Atlas – PSD telecom division staff assisted the planning division staff in discussion with contractors about a forthcoming revision to the Energy Atlas, a website that provides mapping information about energy usage.



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: March 13, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Capital Complex Master Plan: The report is due April, 2015. Many decisions will be able to be made when this report is finalized. We will understand Montpelier space much better.

Lamoille Country Courthouse Renovations:

- All work is progressing on schedule and within budget.

Westminster – Public Safety Facility New Construction: A contract is in process with GMP for power service and with M&S Soils for materials testing. A letter of intent has been sent to Naylor & Breen Builders, who were low bid on the project and the contract is in the approval process. A question has been raised by the DFS reviewer regarding compliance with the NFPA 2012 code updates. The project is on hold until issues with the DFS permit can be resolved.

Security Update Pavilion Security: All technology modifications have been made to the elevator and panic alarm systems. We will run another test of the system next week and invite key administrative personnel in the Pavilion Building to observe and review the process. The Chief of Security and I have arranged (4) open forums next week to discuss new security protocol and responsibilities that each employee will have in order to ensure that non-authorized personnel are not accessing restricted areas. The Chief and I will also be discussing the possibility of using ID lanyards to aid in the display of identification at all time in the Pavilion Building with the Deputy Secretary of Administration.

COG: We have set an aggressively deadline of March 16 to have the COG plan ready for review by the BGS and DPS Commissioners, as well as key individuals from the Governor's staff. Once the Governor has signed the COG plan, we will forward to EMAP for certification.

Legislative Contacts:

Senate Institutions March 12th: Lamoille County Courthouse

FINANCE AND MANAGEMENT

Issue Updates:

Budget and Management will be reviewing department's responses to the Reduction list presented by the legislature before town meeting week. We will be working with the Secretary of Administration to determine if there are any real savings opportunities presented on the list.

We will be reviewing departments labor savings contingency plans next week to establish a savings plan for the \$10.8M savings target in the budget.

The house continues to mark up the big bill, we are monitoring changes to the bill as it progresses.

HEALTH CARE REFORM

No report.

HUMAN RESOURCES

Legislative Update:

HAC Representative Feltus requested additional information re: the new Workforce Development training center, new training program and additional staff. Several representatives from DHR met with her and were able to alleviate her concerns. Appears the initiative will move forward.

Testified before Senate Health and Welfare on omnibus health care bill which addressed Pharmacy Benefits Managers and out of network care. Testified on the role of PBMs in the employee health plan and how the plan looks at cost, access, quality and stability when evaluating the benefit we get from the PBM. The bill itself seems to have lost the support of the retail pharmacists and it never had support from PBMs, so future is unclear.

Sick leave bill (S.15 and H.187) is on our radar as it moves forward. Staff is doing an analysis of provisions as they would impact state employee workforce.

Media Contacts:

Given a heads up from Mike Donoghue that he will be requesting information on overtime hours for various law enforcement chiefs. His target is an employee at DLC who codes a significant amount of overtime every pay period. We have contacted Commissioner Hogan to apprise.

FH - Justin
we need
invoicing

Significant Events/Meetings:

Conversation with Auditor Hoffer. He wants some data on price disparity for popular health care procedures. Auditor's office has a strong interest in health care price transparency and thinking they are hoping to mine state data.

Working with staff to make sure we are up to speed in providing information to appointing authorities on RIF. We will be doing regular conference calls as appointing authorities put together their plans to reach the 10.8m target.

An alarming number of worker's comp first reports of injury were made at AHS over the past week. 16 alone originated from patient/inmate and employee contact at DOC and the State Hospital in Berlin. 2 incidents resulted in ER visits. Staff is looking into it to see how we can help assess what the issues are to the extent that we can help troubleshoot.

Working to cleanup and establish a new business process related to employee ethnic data in VTHR. We are revising an EEO data collection form and protocol to ensure more accurate collection of data for in system.

Our Twitter feed for recruitment is showing promise. Our tweets are being retweeted meaning that people are sharing our job information with other people in their network. We have placed a "follow us" link on our career page.

Several meetings exploring the concept of removing overtime earnings from calculation for retirement purposes. Looking at cost savings, changes to statutory language and impact on various groups. Idea has merit.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: HSE Platform Hosting: Completed Risk Assessment Worksheet, project manager (PM) qualification assessments, and minimum deliverables discussion with newly assigned PM Lisbeth Kokx. Lisbeth is busy working with Michael Morey and other DVHA staff on contracts/amendments for technical transition work with both CGI and Optum, and ongoing hosting of physical infrastructure environment with Optum.

Legislative Issues/Contacts:

Rep. Peter Fagan reached out with a list of questions from House Approps. The questions ranged from items about the crosswalk to requests for how we could cut money from the budget. We have assembled responses that we will be providing today or Monday.

Press/Media Notes:

- Hilary Niles had requests in for multiple reports on technology projects. The information requested was provided.
- Taylor Dobbs called with questions about DPS's license plate reader project. We responded that the project completed in November and provided a point of contact in DPS.

Evolving Issues:

bummer !!


Security: Nick Waringa, our Chief Information Security Officer, resigned this week. He will be here for another four weeks, and we intend to start recruitment immediately once given the green light from HR.

Web:

he was good.

- Harry will be meeting with staff of the Agency of Administration to begin migration of aoa.vermont.gov.
- Harry met 2/26 with Larry Sandage from Health about using the data.vermont.gov program for collecting information on health data sets throughout the State. Training is now scheduled for 3/13 so Larry can edit his own data set.
- DAIL has expressed interest in using data.vermont.gov to host several data sets that they currently offer as downloadable files. A meeting will be scheduled once they collect their data.

Projects:

- 
- CIO approved independent review reports from 2013-present are now available on the [EPMO website](#).
 - **VoIP Implementation:** Met with project sponsors regarding potential risk of not meeting Waterbury implementation deadline (1 Dec for a “mid-Dec” move in date). Discussions identified this project as lower priority than healthcare related projects which may impact resource availability. The discussions also suggested that early and frequent coordination with the AG’s office and BGS purchasing & contracting should allow for a contract with a preferred vendor to be executed by the end of June. The project schedule has been updated to reflect these discussions and the team will be moving towards a 30 June contract signing date. Any risk to this date will be escalated immediately to leadership. This date would allow the Waterbury deadline to be met. Jon Welch will keep tabs on the Waterbury project and provide weekly updates on schedule changes with that project.
 - **VDOL Unemployment Insurance (UI) Project:** Hosted conference call with AG’s from Maryland and Vermont, and other key VT Stakeholders (Deb Damore, VDOL Leaders, DII) to discuss contracting approach as Maryland has the lead in the procurement. After research by VDOL’s Rick Steventon on 2 other UI consortiums nationwide, he was able to collect language and templates that resulted in Jaye Johnson’s:
 - Development of proposed RFP amendment language to address the need for vendor to also have direct contract with VT (aka Participating Addendum).
 - Drafted our proposed Participating Addendum, which will much better protect Vermont’s interests.

LIBRARIES

No report.

TAXES

Legislative Update:

Miscellaneous Tax Bill: ***“Non-Revenue/Current Use Bill”*** - In Senate, no action. We will send a draft letter to Finance for review.

Revenue Issues:

Payroll Tax: Deputy Commissioner testified to W&M on implementation costs for both payroll tax and sugar sweetened beverage tax. Some pushback. The SSB is tricky because although the taxpayer audience is small so that it is just another “miscellaneous tax” it does require resources, especially being first in the nation with new definitions. So it is the tipping point, especially with budget cuts. The payroll is also a first, and large audience – but pretty well settled concepts. The big unknown there is what our IT vendor will charge for change order to project.

Income Tax/Capping Deductions: Sara Teachout formally presented proposal to cap itemized deductions at 2½ X the standard deduction, together with our elimination of any deduction for the state income tax (SLNC). Commissioner testified:

- Why we chose SLNC: no policy rationale behind this deduction
- Tax Reform: Could think about broader base, lower rates, strategic use of preferences, use of credits which are fairer than deductions – but not the time when quickly closing budget gap
- Deductions: After SLNC, they all serve a purpose – whether you agree with or not. Highlighted charitable deductions importance to organizations, mortgage interest and property tax baked into the amount of home that is purchased, medical expenses at the time of high deductibles.
- Retroactive: If want to book revenue for FY16, then would need to make retroactive to Jan, which upsets expectations especially regarding home costs and non-profit orgs’ budgets
- Progressivity:
 - We already are very progressive (ITEP says 4th) and we are rightfully proud of that.
 - Over 40% of states with income tax are very flat – 8 are flat, 3 top out at \$21,000, 7 more at just \$75,000.
- Uncertainty
 - Uncertainty comes with relying too heavily on too small a group of filers. It is uncertainty in the estimates that has led to part of the shortfall we are experiencing, we should be careful about exacerbating
 - Went through demographics – 3146 filers in any given year are over \$300,000 and paying 28% of income tax, just 355 are over \$1M and paying 15% of income tax
 - To compound matters, they are not the same filers from year to year – went through chart showing only 597 filers were at \$300K level for 10 years, only 175 at \$500K, and about 50% at both levels were only there one year – 1X events. That could be sale of small **business** or buyouts offered by a large employer.

More Compliance: The Commissioner testified to Finance about the tax gap and our collection efforts. They asked and we answered – the best tool we could use now is administrative judgments so we could garnish wages and levy bank accounts without going to court. They are interested in this, so we are working up. Judiciary committees would no doubt want to weigh in. They are also interested in the Dept of Revenue concept – everyone keeps pointing to the courts not collecting fines.

Cloud: S. 97 passed the Senate with 26 votes, now sits in W&M. This is session law to clarify that taxation on prewritten software does not extend to the cloud. A House bill has 20 sponsors that would exempt cloud software – problematic. A national practitioner working for Apple wants to tweak the language. I agree their language is better, but tried to assure them the bill was simply a signal of

legislative intent, it was not even statute. But John Hollar is going to try to float the change – I just warned him it could complicate things.

Estate Tax: According to Andy Maclean, it appears Senate Finance is on board, and that the only question is whether they will present free standing bill or include it in one of the Miscellaneous Tax Bills (likely the revenue one).

Water Quality: The Department met with Deb Brighton (in this instance representing JFO) to see if there is a charge structure for broader categories of properties that can be administered. Deb herself prefers a per acre charge on all nonresidential, with a minimum – but she agreed with us that it is problematic if the towns won't collect it, and we needed to set up a whole new tax administration system for hundreds of thousands of taxpayers, but just \$15M or so. So we focused on the Administration proposal – Deb points out that Commercial and Industrial categories currently need to be cleaned up – but that we probably could do that in a space of a year, working with listers. We agreed the Administration proposal then was doable by Jan 2017.

Ag Equipment/General Audit Concerns: The Commissioner met with several legislators who had attended an administrative appeal hearing – generally very constructive. The Commissioner also testified to House Ag with respect to broadening the Ag Equipment exemption. We again walked them through the issues, and suggested that they instead work with us to clarify the exemption form and revise the regulations.

Education Finance: We met with Mark Perrault to discuss eliminating the look back on income sensitivity – which did not make it into the bill. I think we got him to agree that it is impractical, so hopefully remains dead.

R&D Credits: The R&D disclosure language that passed last year was confusing – taxpayer can claim a credit for activity in one year, but not use it to offset liability until a future year. Likewise, the taxpayer claiming the credit might pass it through for use by a related taxpayer. The Commissioner informed Sen. Ashe and Rep. Ancel that we intend to disclose only the entity that claims the credit, in the year it is claimed not used. Janet agreed. So we will be sending letters to the affected taxpayers for the 2015 disclosure, giving them the chance to amend if they want off the list.

Operations:

In the midst of all this legislative work, it is tax season! We do feel like with our staff not taking calls on Wednesday and coming in on Saturdays we are pretty much on top of refunds, even with the extra reviews (we continue to get regular updates from TurboTax on red flags). We are sending many more checks, and finding a higher than expected returned mail rate, which will cause additional manual review. The corporate/business e-file is proceeding very well, and we are considering signaling that we will soon mandate e-file in order to get more vendors to code their software for VT. Finally, we are in the midst of decision making for the design of Phase II, the trust taxes. Since these involve such a large audience (sales and use, withholding) we are also mapping out our outreach for the transition.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: March 13, 2015
RE: Boards and Commissions Update

Request for Advice & Consent delivered to Senate:

March 11, 2015

Last name	first name	Board/Commission
Pagano	Edward	UVM Board of Trustees

UPDATE:

Green Mountain Care Nominating Committee:

Liz Bankowski does **NOT** want to be reappointed

Tom Torti on the list for March 18th appointment

Deb Richter on the list for March 18th appointment

David Coen
will tell her.

Bankowski	Elizabeth	Brattleboro	Green Mtn Care Board Nominating Comm	5/25/2011	1/31/2015	
Richter	Deborah	Montpelier	Green Mtn Care Board Nominating Comm	5/25/2011	1/31/2015	H C Expert
Torti	Thomas	Essex Jct	Green Mtn Care Board Nominating Comm	5/25/2011	1/31/2015	

Texas Low-Level Waste Disposal Compact Commission:

Peter Bradford may be facing health issues that will prohibit him from continuing to serve. He will let me know in the next week or two.

Jane Sanders on the list for March 18th appointment

Dick Saudek haven't heard back from him (emailed and called).

Bradford	Peter	Peru	Texas Low-Level Radioactive Waste Compact	1/31/2011	1/31/2015	Member
Sanders	Jane	Burlington	Texas Low-Level Radioactive Waste Compact	11/30/2011	1/31/2015	Alternate
Saudek	Richard	E Montpelier	Texas Low-Level Radioactive Waste Compact	2/1/2011	1/31/2015	Member

Coen also
willing to do
this one

District #5 Environmental Commission: Still trying to connect with **John Hall**. I think it is worth the wait but Jon Groveman has brought it to my attention that the Commission is hurting because they are short one person.

BC RECORD						
Last name	first name	City	Board/Commission	Initial appt	ending date	Comments
Callan	Ginny	East Montpelier	District #5 Commission	5/19/2011	1/31/2017	Alternate Member
Coleman	Jito	Warren	District #5 Commission	5/19/2011	1/31/2017	Chair
Cueto	Jeffrey	East Montpelier	District #5 Commission	10/1/2012	1/31/2016	alternate member
Johnson	Clifford	Stowe	District #5 Commission	10/1/2011	1/31/2017	Member
Ogrodnik	Kelly	Montpelier	District #5 Commission	10/1/2012	1/31/2016	Alternate member
vacancy			District #5 Commission		1/31/2015	Member
Wang	Elaine	Barre	District #5 Commission	10/1/2011	1/31/2016	Alternate Member

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: March 13, 2015
Re: Weekly Report

Status of Governor's Priorities:

- Staying in touch with my counterparts in Washing and Oregon on the implementation of legalized marijuana.
- Attending Senate Gov. Ops on Fridays listening to the Marijuana discussion.
- March sales look good for the first couple of weeks
- Responding to Secretary Johnson's memo today.

See | AG | FYI

Legislative Issues/Contacts/Updates:

- Senate Econ Dev has added a section at the end of their Economic Development Bill that moves the fortified wines from my department to the wholesalers. That's over \$1.5 million in business! We don't think it's a good idea to satisfy just a handful of stores. We offered a compromise to sell it wholesale so they could resell to the consumer. Will see how it all plays out!

Press Issues/Releases/Contacts: None

Significant Events/Meetings: Next Board Meeting 04/01/2015 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems. Testing is going very well.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Break open ticket reporting process is working. Live data is being entered. Should have some numbers by the end of the first quarter.
- Speaking to potential vendors about warehouse study and pricing analysis as recommended by the Auditor's report.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.

- **Commissioner's Commentary:** Have a great weekend.

Elizabeth H. Miller
802-522-3090, cell
elizabeth.miller@state.vt.us